

# ANNUAL REPORT

## 2022-23



**ISMT** LIMITED

Solutions You Can Trust

# Historical Achievements

*1977 - 1980*

ISMT began life as 'The Indian Seamless Metal Tubes Limited'. Incorporated on 29th July 1977 as a public limited company, raised Rs. 45 lacs through Initial Public Offering and commenced production of Seamless Tubes in the year 1980 with an installed capacity of 15,000 MTPA.

*1985*

Seamless Tube manufacturing capacity increased to 30,000 MTPA.

*1992*

Seamless Tube manufacturing capacity further increased to 50,000 MTPA.

Promoted 'Indian Seamless Steels and Alloys Ltd.' (ISSAL) to produce 1,50,000 MTPA Alloy Steel giving the Company better control over product quality as well as deliveries.

Successfully completed Public Issue of ISSAL which was hugely oversubscribed.

*1993-1994*

Rights issue of Rs. 28 Crore in the year 1993 followed by rights issue of Rs. 58 Crore, for modernization and technology upgradation of Seamless Tube plant.

Seamless Tubes & Technologies (India) Ltd, a group Company amalgamated with the Company.

'Indian Seamless Steels and Alloys Ltd.' (ISSAL) commenced commercial production of Steel Rounds.

*1998*

Steel manufacturing capacity at ISSAL increased to 190,000 MTPA.

*1999*

Merged into Kalyani Seamless Tubes Ltd., (KSTL), a competing Seamless Tube manufacturer with 90,000 MTPA capacity. The combined entity, which retained the name The Indian Seamless Metal Tubes Ltd., not only had a larger capacity (1,58,000 MTPA) but also a much wider size range (from 6 mm to 273 mm).

*2004-2005*

Steel manufacturing capacity at ISSAL increased from 190,000 MTPA to 250,000 MTPA.

'The Indian Seamless Metal Tubes Ltd.' and 'Indian Seamless Steels and Alloys Ltd.' merged to form 'ISMT Ltd'.

Exports cross Rs. 100 Crore mark.

*2006 - 2007*

Raised USD 20 Million through Foreign Currency Convertible Bonds issue.

Acquired Structo Hydraulics AB (based in Storfors, Sweden), Europe's leading supplier of tubes and engineering products for the hydraulic cylinder industry.

*2010*

ISMT added a PQF Mill, increasing its tube making capacity to 465,000 MTPA.

Simultaneously, Steel making capacity was increased from 250,000 MTPA to 350,000 MTPA.

*2011*

Exports cross Rs. 500 Crore mark.

Redeemed Foreign currency convertible Bonds (FCCB's) amounting to USD 20 Million along with redemption premium.

*2022*

Kirloskar Ferrous Industries Limited (KFIL) acquired majority stake in the Share Capital of the Company, making ISMT a subsidiary of KFIL w.e.f March 10, 2022.

*2023*

Highest ever Net Sales of Rs. 2,534 Crore.

## COMPANY INFORMATION

### Board of Directors

|                      |                                  |
|----------------------|----------------------------------|
| Rahul Kirloskar      | - Chairman                       |
| Ravindranath Gumaste | - Vice Chairman                  |
| Nishikant Ektare     | - Managing Director              |
| Rajiv Goel           | - Director (upto March 17, 2023) |
| Kanakraj M           | - Director                       |
| R Poornalingam       | - Director (upto March 7, 2023)  |
| S Venkataramani      | - Director                       |
| Shalini Sarin        | - Director                       |

### Chief Financial Officer

Rajiv Goel (upto September 30, 2022)  
Suresh Patil (w.e.f. November 5, 2022)

### Company Secretary & Compliance Officer

Chetan Nathani

### Auditors

M/s. DNV & Co., Chartered Accountants (upto July 29, 2022)  
P G Bhagwat LLP, Chartered Accountants (w.e.f. July 29, 2022)

### Bankers

Kotak Mahindra Bank  
ICICI Bank  
Indian Overseas Bank  
Axis Bank  
Bank of Baroda

### Cost Auditors

M/s. Dhananjay. V. Joshi & Associates, Cost Accountants  
M/s. Parkhi Limaye & Co., Cost Accountants

### Works

**Tube** - MIDC Industrial Area, **Ahmednagar** - 414 111  
MIDC Industrial Area, **Baramati** - 413 133  
Structo Hydraulics AB, Storfors, **Sweden**  
**Steel** - Jejuri - Morgaon Road, **Jejuri** - 412 303  
**Power** - Village Kurla, Warora, **Chandrapur** - 422 910  
(upto February 27, 2023)

### Registered Office

Panama House,  
(Earlier known as Lunkad Towers),  
Viman Nagar, Pune - 411014  
Tel: +91-20-4143 4100/ 2663 0144  
Fax: +91-20-26630779  
E-mail ID: secretarial@ismt.co.in  
Website: www.ismt.co.in  
CIN: L27109PN1999PLC016417

### Registrar & Share Transfer Agent

#### KFin Technologies Ltd.

Selenium Tower B, Plot 31 & 32,  
Financial District, Nanakramguda, Serilingampally Mandal,  
Hyderabad - 500 032, Telangana  
Email id: einward.ris@kfintech.com  
Website: <https://ris.kfintech.com/clientservices/isc>  
Toll free number: 1 800 309 4001

| Contents  | Page No. |
|---|----------|
| Company Information                               | 1        |
| Decade at a Glance                                | 2        |
| Board's Report                                    | 3        |
| Management Discussion and Analysis                | 17       |
| Report on Corporate Governance                    | 21       |
| Business Responsibility and Sustainability Report | 28       |
| Standalone Financial Statements                   | 52       |
| Consolidated Financial Statements                 | 110      |

**Performance at a glance****FINANCIAL PERFORMANCE****(Rs. in Crore)**

| Particulars                         | 2022-23         | 2021-22   | 2020-21    | 2019-20    | 2018-19  | 2017-18  | 2016-17  | 2015-16  | 2014-15  | 2013-14  |
|-------------------------------------|-----------------|-----------|------------|------------|----------|----------|----------|----------|----------|----------|
| Net Sales / Revenue from Operations | <b>2,561.31</b> | 2,152.54  | 1,234.67   | 1,304.29   | 1,825.10 | 1,490.25 | 1,053.18 | 991.68   | 1,504.50 | 1,561.11 |
| Other Income                        | <b>20.39</b>    | 18.12     | 43.63      | 9.70       | 6.94     | 10.13    | 6.07     | 12.08    | 11.39    | 15.61    |
| Profit/(Loss) Before Tax            | <b>157.31</b>   | 2,500.05* | (350.61)   | (242.38)   | (228.78) | (240.93) | (288.44) | (372.82) | (220.99) | (204.65) |
| Tax Provisions                      | <b>60.76</b>    | 142.66    | 0.10       | (1.95)     | -        | (0.98)   | -        | 9.39     | -        | (34.36)  |
| Profit/(Loss) After Tax             | <b>96.55</b>    | 2,357.39* | (350.71)   | (240.43)   | (228.78) | (239.95) | (288.44) | (382.21) | (220.99) | (170.29) |
| Earnings per Share (Rs.)            | <b>3.21</b>     | 151.32    | (23.94)    | (16.41)    | (15.62)  | (16.38)  | (19.69)  | (26.09)  | (15.08)  | (11.62)  |
| Book Value per Share (Rs.)          | <b>50.41</b>    | 47.11     | (96.41)    | (72.50)    | (55.91)  | (40.24)  | (24.03)  | (4.35)   | 19.02    | 20.78    |
| Equity Share Capital                | <b>150.25</b>   | 150.25    | 73.25      | 73.25      | 73.25    | 73.25    | 73.25    | 73.25    | 73.25    | 73.25    |
| Reserves & Surplus                  | <b>1,364.56</b> | 1,265.53  | (1,485.63) | (1,135.45) | (892.33) | (662.71) | (425.36) | (136.92) | 205.45   | 231.24   |
| Shareholders' Funds                 | <b>1,514.81</b> | 1,415.78  | (1,412.38) | (1,062.20) | (819.08) | (589.46) | (352.11) | (63.67)  | 278.70   | 304.49   |
| Capital Employed                    | <b>1,644.95</b> | 1,665.60  | 2,030.89   | 2,166.41   | 2,195.75 | 2,173.86 | 2,231.33 | 2,150.25 | 1,948.96 | 1,808.46 |

\* Including exceptional income of Rs. 2,494.10 Crore, mainly due to write back of the outstanding principle debt and unpaid interest to lenders in view of the onetime settlement of the entire outstanding debt of the Company.

## Board's Report

### To the Members of ISMT Limited

The Directors are pleased to present the 25<sup>th</sup> Annual Report together with the Audited Financial Statements for the year ended March 31, 2023 of ISMT Limited ("Company"). Below is the state of the Company's affairs during FY2022-23:

### Financial Summary (Standalone)

Rs. in Crore

| Particulars                | 2022-23         | 2021-22   |
|----------------------------|-----------------|-----------|
| Total Income               | <b>2,581.70</b> | 2,170.66  |
| Profit before tax          | <b>157.31</b>   | 2,500.05* |
| Tax Expenses               | <b>60.76</b>    | 142.66    |
| Profit for the year        | <b>96.55</b>    | 2,357.39* |
| Other Comprehensive Income | <b>2.48</b>     | (5.86)    |
| Total Comprehensive Income | <b>99.03</b>    | 2,351.53  |

\* Including exceptional income of Rs. 2,494.10 Crore, mainly due to write back of the outstanding principle debt and unpaid interest to lenders in view of the onetime settlement of the entire outstanding debt of the Company.

### DIVIDEND

Directors do not propose any dividend for the year ended March 31, 2023, in order to conserve resources.

Pursuant to Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has adopted the Dividend Distribution Policy which is available on the website of the Company: [www.ismt.co.in](http://www.ismt.co.in)

### RESERVES

No amount is proposed to be transferred to Reserves.

### COMPANY PERFORMANCE

The Company achieved Net Sales of Rs. 2,533.53 Crores as compared to Rs. 2,123.41 Crores in the previous year.

Profit before Tax for the year under review stood at Rs. 157.31 Crores as compared to Rs. 2,500.05 Crores for the previous year (this includes exceptional income of Rs. 2,494.10 Crore, mainly due to write back of the outstanding principle debt and unpaid interest to lenders in view of the onetime settlement of the entire outstanding debt of the Company).

During the year under review:

- The Company recorded a growth in Tube business with capacity utilization improvement at Nagar and Baramati Plant.
- Jejuri Steel Plant remained operational throughout the year & contributed both in volume and value growth of the Company.

### SALE OF PRODUCTS

The Company sold 1,57,143 MT of Tubes valued at Rs. 1,977 Crore during FY 2022-23 as compared to 1,39,057 MT of Tubes valued at Rs. 1,503 Crore in the previous financial year.

The demand for Tubes was good especially from OCTG & Projects throughout the year under review. The average realisation of Tube, which was at around Rs. 1,08,075 per MT in the previous year went upto around Rs 1,25,838 per MT during the year under review.

The Company sold 68,165 MT of Steel aggregating to Rs. 556 Crore during FY 2022-23 as compared to 87,214 MT Steel aggregating to Rs. 621 Crore for the previous financial year.

The demand for Steel from Automobile and Bearing Sectors was lower during the financial year under review.

### OPERATIONS

Capacity utilization at Steel Plant dropped marginally from 68% to 67%. The Capacity utilization at Tube Plants gone up from 45% to 49%.

### FINANCE COSTS

The Company has availed credit facilities from ICICI Bank Limited, Axis Bank Limited and Kotak Mahindra Bank Limited. The Company aims for optimization of interest rates by availing credit facilities at competitive rates and to effectively manage the working capital thereby reducing the interest expenses.

### CAPTIVE POWER PLANT

Captive Power Plant (CPP) continued to be inoperative throughout the year in absence of banking facility from Maharashtra State Electricity Distribution Company Ltd.

The Company's appeal against wrongful denial of banking facility is pending in Supreme Court.

Nevertheless, the Company had identified a buyer (viz. Omsairam Steels and Alloys Private Limited) for CPP and executed Business Transfer Agreement with the said buyer on December 9, 2022 for sale of CPP on a slump sale basis for Rs. 65.71 Crore. The Plant has been handed over to the buyer on February 27, 2023.

### SCHEME OF ARRANGEMENT – MERGER

The Board at its meeting held on November 4, 2022 which was adjourned to November 5, 2022 has approved a draft Scheme of Arrangement and Merger between the Company (Transferor Company) and Kirloskar Ferrous Industries Limited (KFIL/ Transferee Company). Pursuant to the said Scheme and upon receipt of all the requisite approvals, 17 fully paid up equity shares of face value of Rs. 5/- each of KFIL will be allotted for every 100 fully paid up equity shares of face value of Rs. 5/- each of the Company.

As on date, the Company is awaiting approval of the stock exchanges to the aforesaid draft Scheme.

### DIRECTORS

#### a. Changes in Directors & Key Managerial Personnel (KMP)

Mr. Nishikant Ektare, retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.



**Board's Report (Contd.)****Changes in Directors during FY2022-23**

The shareholders of the Company at the Extra-ordinary General Meeting (EGM) held on June 9, 2022 regularized the appointment of Mr. Rahul Kirloskar, Mr. Ravindranath Gumaste, Mr. Nishikant Ektare, Dr. Shalini Sarin and Mr. S Venkataramani as Directors of the Company.

In the EGM, the shareholders approved the appointment of Mr. Nishikant Ektare as Managing Director of the Company and Dr. Shalini Sarin and Mr. S Venkataramani were also appointed as Independent Directors of the Company.

The Board requires and possesses skills and expertise in the field of Management, Operations, Strategic Planning, Finance, Accounts, Legal, Corporate Restructuring, Administration, Sales & Marketing. Dr. Shalini Sarin brings the desired skills into the Board including but not limited to Management, Administration, Corporate Restructuring & Strategic Planning whereas Mr. S Venkataramani brings the desired skills into the Board including but not limited to Management, Strategic Planning, Finance, Accounts & Legal.

Upon expiry of tenure as Whole-time Director, which tenure was upto September 30, 2022, Mr. Rajiv Goel resigned as the Chief Financial Officer of the Company w.e.f. October 1, 2022.

Mr. R Poornalingam & Mr. Rajiv Goel resigned as Directors of the Company w.e.f. March 8, 2023 & March 18, 2023, respectively.

The Board placed on records its sincere appreciation and gratitude for services rendered by Mr. R Poornalingam & Mr. Rajiv Goel during their association with the Company.

**Changes in KMP during FY2022-23**

Mr. Suresh Patil was appointed as the Chief Financial Officer of the Company w.e.f. November 5, 2022.

**b. Statement on declarations by Independent Directors**

Independent Directors have given declarations pursuant to Section 149(7) of the Companies Act, 2013 (Act) & Regulation 25(8) of the SEBI (LODR), Regulations 2015 (Listing Regulations), stating that they meet the criteria of independence. Pursuant to Rule 6 of the Companies (Appointment and Qualification of Directors) Rules, 2014, Independent Directors have confirmed that they hold valid registration certificate with the Databank of Independent Directors.

The Board is assured that Independent Directors possess adequate proficiency, experience, expertise and integrity.

The Company has laid down a Code for the Board of Directors and Senior Management of the Company (Code). The Code is available on website of the Company: [www.ismt.co.in](http://www.ismt.co.in).

Board Members and Senior Management Personnel's of the Company have affirmed compliance with the Code.

**c. Board Evaluation**

The Company has devised Policy for annual performance evaluation of the Board, Committees & Directors which include criteria for performance evaluation of non-executive & executive directors. The Board evaluates performance of the Committees & of the Independent Directors whereas the Chairman of the Board evaluates performance of the Board. The Independent Directors evaluate the performance of Non-Independent Directors.

Details of familiarization Programme of Independent Directors with the Company, their roles, rights, responsibilities in the Company, nature of industry in which the Company operates, business model of the Company and related matters are on website of the Company: [www.ismt.co.in](http://www.ismt.co.in).

**d. Nomination and Remuneration Policy**

The Board has adopted a policy for selection and appointment of Directors, Key Managerial Personnel and Senior Management Personnel, their remuneration and criteria. The policy is available on website of the Company: [viz. www.ismt.co.in](http://viz.www.ismt.co.in)

**e. Number of meetings of the Board**

Six meetings of the Board were held during the year under review. Detailed information is given in the Corporate Governance report as enclosed herewith.

**f. Composition of Audit and other Committees of the Board**

Details of composition of committees of the Board, viz. Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee etc. are provided in the Report on Corporate Governance as enclosed herewith.

**LOANS, GUARANTEES & INVESTMENTS**

Particulars of Loans, Guarantees & Investments covered under Section 186 of the Act have been mentioned in Notes to the Financial Statements of the Company for FY 2022-23 and forms part of the Annual report for FY 2022-23.

**TRANSACTIONS WITH RELATED PARTIES**

During the year under review, all related party transactions entered into by the Company were approved by the Audit Committee and were at arm's length and in the ordinary course of business.

Pursuant to Section 134 of the Act read with Rules thereof, details of material transaction with related party in Form AOC-2 is enclosed herewith as **Annexure A**.

The Policy on materiality of related party transactions and dealing with related party transactions as approved by the Board is available on website of the Company: [www.ismt.co.in](http://www.ismt.co.in)

**RESEARCH & DEVELOPMENT**

Details of R&D activities undertaken are enumerated in **Annexure B** as enclosed herewith.

## Board's Report (Contd.)

### RISK MANAGEMENT

The Company has constituted a Risk Management Committee consisting of Mr. Ravindranath Gumaste as Chairman and Dr. Shalini Sarin and Mr. S Venkataramani as Members to address the organization wide risk including credit, security, property, regulatory and other risks. The Committee is assisting the Board in ensuring that there is adequate risk management policy in place capable of addressing the aforesaid risks.

### INTERNAL FINANCIAL CONTROLS

The Company has deployed controls including defined code of conduct, whistle blower policy, management review and MIS mechanisms, internal audit mechanism. The process level controls have been instituted through the Company policies and procedures and continuous monitoring of efficiency in operations. There is regular management oversight of the internal controls environment at the Company. The Audit Committee along-with the Management oversees reports of the internal audit and reviews implementation, on a periodic basis.

### VIGIL MECHANISM/ WHISTLE BLOWER POLICY

The Board has adopted the Vigil Mechanism/ Whistle Blower Policy to deal with instances of fraud, unethical behaviour, mismanagement, leakage of Unpublished Price Sensitive Information etc. The Policy has provided a mechanism for employees and other persons dealing with the Company to report any such instance to the Chairman of the Audit Committee. No case was filed during the year. The Policy has been uploaded on website of the Company: [www.ismt.co.in](http://www.ismt.co.in).

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

The Company has in place a Policy for Prevention of Sexual Harassment at workplace which, inter alia, provides a mechanism for the resolution, settlements or prosecution of acts or instances of sexual harassment at workplace and to ensure that all employees are treated with respect and dignity. There was no complaint/ case filed/ pending with the Company during the year under review. The Company has complied with the provisions relating to the constitution of Internal Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

### ANNUAL RETURNS FILED WITH THE MINISTRY OF CORPORATE AFFAIRS

Pursuant to Section 134 read with Section 92(3) of the Act, as amended, copies of the annual returns filed with the Ministry of Corporate Affairs (MCA) are available on website of the Company: [www.ismt.co.in](http://www.ismt.co.in) and Annual Return for FY 2022-23 will be uploaded on the Company's website in due course.

### CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS & OUTGO

Details on conservation of energy, technology absorption and foreign exchange earnings and outgo pursuant to Section 134(3) (m) of the Act read with Rule 8 of the Companies (Accounts) Rules, 2014 are annexed herewith as **Annexure B**.

### CORPORATE SOCIAL RESPONSIBILITY

The Company has always believed in working for the betterment and upliftment of the society and that Corporate Social Responsibility (CSR) has been practiced over the years in the Kirloskar Group. Focus areas under CSR includes Education, Health and Hygiene, Environment and Rural Development. During the period under review, the Company has carried out CSR activities through an implementing agency. The composition of CSR Committee and the Report on CSR is annexed herewith as **Annexure C**.

### INFORMATION PURSUANT TO RULE 5 OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

Information relating to remuneration and other details as required pursuant to Rule 5 of the Companies (appointment and remuneration of managerial personnel) Rules, 2014 is annexed herewith as **Annexure D**.

### AUDITORS

#### A. STATUTORY AUDITORS

The Members of the Company at Annual General Meeting (AGM) held on 29 July 2022 appointed P G Bhagwat LLP, Chartered Accountants as Statutory Auditors of the Company to hold office for term of five years from conclusion of 24th AGM until the conclusion of 29th AGM of the Company. The Statutory Auditors have provided a certificate confirming that requirements prescribed under provisions of Section 141 of the Act have been fulfilled.

The reports given by the Statutory Auditors on standalone and consolidated financial statements of the Company forms part of the Annual report for FY 2022-23.

There are no qualification/ reservation/ adverse remark in the aforesaid reports given by the Statutory Auditors.

#### B. SECRETARIAL AUDITORS

Pursuant to Section 204 of the Act and rules thereof, M/s. KPRC & Associates, Company Secretaries have been appointed to conduct the Secretarial Audit of the Company for FY2022-23. The Secretarial Audit Report issued by them is annexed herewith as **Annexure E**.

In respect of the Audit observations, following are the comments of the Board:

#### a. Shareholding of promoter group not in demat form:

During FY2022-23, the concerned promoter group entity has Dematted its entire shareholding in the Company.

#### b. Non-filing of Annual Performance Report:

Opinion will be taken on its applicability and accordingly, corrective steps, if any, will be taken.

**Board's Report (Contd.)****c. Non-filing of e-form CHG-4 – Charge satisfaction:**

In view of the technical issue in filing e-form CHG-4 on MCA website, the Company has requested ROC to take on record the charge satisfaction through back office mechanism.

**d. Non receipt of prior approval of the Audit Committee:**

Prior approval was, inadvertently, not obtained for reimbursement of expenses to a related party of Rs. 4 Lakh which was subsequently ratified by the Audit Committee.

**C. COST AUDITORS**

Pursuant to Section 148 of the Act & rules thereof, the Board appointed M/s. Dhananjay V. Joshi & Associates & M/s. Parkhi Limaye & Co, Cost Accountants as the Cost Auditors to conduct audit of cost records maintained by the Company for FY2022-23.

Payment of remuneration for FY2022-23 to the aforesaid Cost Auditors is subject to ratification by members at the ensuing AGM.

Cost Audit Report for FY2021-22 was filed within prescribed time limit as per the Companies (Cost Record and Audit Rules), 2014.

**MANAGEMENT DISCUSSION & ANALYSIS**

Pursuant to Regulation 34(3) of the Listing Regulations, the Report on Management Discussion and Analysis forms part of the Annual Report of the Company for FY2022-23.

**CORPORATE GOVERNANCE REPORT**

The Company conforms to norms of the corporate governance as envisaged in the Listing Agreement executed with the stock exchanges. Pursuant to Regulation 34(3) of the Listing Regulations, the Report on Corporate Governance forms part of the Annual Report of the Company for FY2022-23.

The Managing Director & CFO has certified to the Board with regard to the financial statements & other matters as required under Regulation 17(8) of the Listing Regulations.

A certificate from the Practicing Company Secretary, regarding compliance with conditions of corporate governance, as required pursuant to the Listing Regulations, has been annexed to the Report on Corporate Governance.

**BUSINESS RESPONSIBILITY & SUSTAINABILITY REPORT**

Pursuant to Regulation 34(2)(f) of the Listing Regulations, the Business Responsibility & Sustainability Report forms part of the Annual Report for FY 2022-23.

**DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to Section 134 of the Act, in respect of Director's Responsibility Statement, the Directors state that:

- a) in the preparation of annual accounts, the applicable accounting standards have been followed and there were no material departures;

- b) accounting policies as mentioned in the Notes forming part of the Financial Statements have been selected and applied consistently. Further, judgments & estimates made are reasonable & prudent so as to give a true & fair view of the state of affairs of the Company as at March 31, 2023 & of the Profits of the Company for the year ended on that date;
- c) proper and sufficient care has been taken 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) the annual financial statements have been prepared on a going concern basis;
- e) proper internal financial controls were laid down & such financial controls were adequate & operating effectively; &
- f) proper systems were in place to ensure compliance with the provisions of all applicable laws and such systems were adequate and operating effectively.

**NCLT PETITION**

In relation to an ongoing MCA investigation initiated against the Company, under Section 212 of the Act, a Petition has been filed by MCA in NCLT, Mumbai against certain past Key Managerial Personnels of the Company, inter alia, alleging misappropriation of resources of the Company and seeking freezing of their assets.

The Company has been made a party to the aforesaid Petition as a Proforma Respondent. However, the Company has applied to the NCLT for removal of its name from the Petition as there is no prayer against the Company in the said Petition.

The Petition is still being heard before the NCLT.

**INVESTMENT IN SOLAR AND WIND MILLS**

With an intent to reduce the power cost, the Company has decided to make investments, upto Rs. 305 Crore, for setting up of solar power plant for captive consumption. For this, commissioning of 70 MW solar power plant, in phased manner, is in process.

Similarly, consent has been accorded for investment by the Company, upto Rs. 50 Crore, for acquiring wind-mills, upto 35 MW, for captive consumption, in a phased manner.

**REPAYMENT OF UNSECURED LOAN**

During the year under review, the Company has repaid the unsecured loan so availed from KFIL of Rs. 194 Crore.

**SUBSIDIARIES**

As on date, the Company has ten direct & indirect subsidiaries. In accordance with Section 129(3) of the Act, statement containing salient features of the financial statements of the subsidiaries in Form AOC-1 & report on performance & financial position of each subsidiary is provided in the financial statements for FY2022-23. The Company has framed the Policy for determining Material Subsidiaries which is available on: [www.ismt.co.in](http://www.ismt.co.in)



## Board's Report (Contd.)

The Board has in principle agreed to take steps for closure of non-operational subsidiaries viz. Indian Seamless Inc., USA, ISMT Europe AB, Sweden and PT ISMT Resources, Indonesia.

The Company has also initiated review of operations & future opportunities of subsidiary viz. Structo Hydraulics AB, Sweden.

During the period under review, no company has become or ceased to be a Subsidiary, Joint Venture or Associate Company.

### GENERAL

During the year under review-

1. The Company was required to maintain cost records as specified u/S 148(1) of the Act & accordingly such accounts/ records are prepared & maintained.
2. The Company has complied with the applicable secretarial standards.
3. The Company has not accepted deposits from the public.
4. There has been no change in nature of business of the Company.
5. To the best of our knowledge, no significant or material orders were passed by the Regulators, Courts or Tribunals which impact the going concern status & the Company's operations in future.
6. No case of fraud by any officer or employee of the Company has been reported by the Auditors of the Company either to the Audit Committee or the Board pursuant to Section 143(12) of the Act.
7. Neither any application has been made nor has any proceeding been pending against the Company under the Insolvency and Bankruptcy Code, 2016.

8. There was no incidence of settlement in respect of any loan availed from any bank or financial institution.

There is no material change or commitment occurring after the end of the financial year, which may affect the financial position of the Company.

### CAUTIONARY STATEMENT

Statements in this report, particularly those which relate to the Management Discussion and Analysis, describing the Company's objectives, projections, estimates and expectations may constitute 'forward looking statements' within the meaning of applicable laws and regulations. Actual results may differ materially from those either expressed or implied.

### APPRECIATION

The Directors wish to place on record their appreciation towards the contribution of all employees of the Company and their gratitude to the Company's valued customers, bankers, vendors and members for their continued support and confidence in the Company.

For and on behalf of  
the Board of Directors  
**ISMT Limited**

Pune  
May 03, 2023

**Rahul Kirloskar**  
Chairman

**Annexure A to the Directors' Report****FORM NO. AOC - 2**

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

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

**1. Details of contracts/ arrangements/ transactions not at arm's length basis: None****2. Details of material contracts/ arrangement/ transactions at arm's length basis during FY2022-23:**

|    |  |   |
|----|--|---|
| a. | Name of related party & nature of relationship                                     | Kirloskar Ferrous Industries Limited, Holding Company   |
| b. | Nature of contracts/ arrangements/ transactions                                    | (a) Purchase of Pig Iron, Castings & other products;<br>(b) Sale of Tubes and other products;<br>(c) Availing and repayment of loan(s);<br>(d) Availing of guarantee(s); and<br>(e) Any other transaction as decided by the Audit Committee and/ or the Board.                              |
| c. | Duration of contracts/ arrangements/ transactions                                  | No specific duration.<br>These transactions are of a recurring nature   |
| d. | Salient terms of contracts/ arrangements/ transactions including the value, if any | (a) Purchase of Pig Iron – Rs. 310.51 Crore<br>(b) Sale of Tubes/ other products – Rs. 0.87 Crore<br>(c) Interest on unsecured loan – Rs. 10.98 Crore<br>(d) Corporate Guarantee availed – Rs. 41 Crore<br>(e) Reimbursement of expenses incurred on behalf of the Company – Rs. 0.09 Crore |
| e. | Date of approval by the Board, if any  | None  |
| f. | Amount paid as advances, if any  | None  |

For and on behalf of  
the Board of Directors  
**Rahul Kirloskar**  
Chairman

Pune  
May 03, 2023

## Annexure B to the Directors' Report

### DETAILS PERTAINING TO REMUNERATION PURSUANT TO SECTION 197(12) OF THE COMPANIES ACT, 2013

Information required under Section 134 of the Companies Act, 2013 read with Companies (Accounts) Rules, 2014 and forming part of the Director's Report for the year ended on March 31, 2023 :

#### (A) Conservation of Energy

##### (i) The steps taken or impact on conservation of energy :

1. Replaced 250 W HPSV shed light by LED Light 350 Nos at Baramati Tube Plant.
2. Hydro tester modification to hydraulics intensifier from water intensifier resulting in reduction in power consumption from 55KW to 11KW at Baramati Tube Plant.
3. WTP circulating pump motor removal and gravity flow introduced, saving power at Baramati Tube Plant.
4. All plant shed lights of 400 HPMV replaced by 75 watt LED light resulting in increased plant illumination level to 200 lux and power savings of Rs. 82 Lakhs per annum at Ahmednagar Tube Plant.
5. Various power saving measures taken in Mills and Heat treatment furnaces resulting in reduction of average plant power consumption by 130 KWH per MT at Ahmednagar Tube Plant.
6. Modification of Induction Mill Centering Machine Hydraulic System resulting in reduction of Centering Machine cycle time by 8 seconds and power savings of Rs. 8 Lakhs for the year at Ahmednagar Tube Plant.
7. Use of VVVF drives in 90 MT liquid metal handling crane for main Hoist application (125 KW X2 No) motors replaced by (90X2 No) 180 KW Induction motors at Jejuri Steel Plant.
8. Provision of LED lighting in Rolling Mill Area in place of conventional Sodium Vapour Lamps at Jejuri Steel Plant.
9. Revamping of BHF -5 planned for reduction in Energy consumption by 200 units per MT & for increasing HT dispatches at Jejuri Steel Plant.

##### (ii) Steps taken by the Company for utilising alternate sources of energy :

1. Commissioning 70 MW Solar Energy Plant, in phased manner, is in process for sourcing power to all three manufacturing units thereby reducing Energy Cost.
2. Installation of gas pipe line for furnaces which will replace Furnace Oil to PNG at Baramati Tube Plant.
3. Replacement of LDO with LSHS in Hot Mill in second half of the year resulted in fuel savings of around Rs. 4.50 Crore for the year at Ahmednagar Tube Plant.

4. Thermopack fuel LDO changed to Bio LDO from w.e.f. Nov-22 giving saving of Rs. 5 Lakhs for the year at Ahmednagar Tube Plant.

##### (iii) The capital investment on energy conservation equipment : Rs. 3.50 Crore.

#### (B) Technology absorption

##### (i) The efforts made towards technology absorption :

1. Efforts are made to fast cool on Assel Mill cooling bed to avoid heat treatment at Baramati Tube Plant.
2. Manual controlled Pilger Die grooving Machine converted to numerical control leading to increase in accuracy in Die grooving & reduction in person dependency at Ahmednagar Tube Plant.
3. Replacements of Analog DC drive by Digital DC drive in Mill Piercing Mill at Ahmednagar Tube Plant.
4. Latest models of Analyzer for testing Carbon & Sulphur in Steel and Ferro Alloys at Jejuri Steel Plant.
5. Obsolete Air Circuit Breaker models replaced by latest models at Jejuri Steel Plant.
6. XRF machine for analysis of incoming Ferroalloys & Fluxes quality checking at Jejuri Steel Plant.

##### (ii) The benefits derived like product improvement, cost reduction, product development or import substitution :

1. Development of Oval Shaped Tube through Cold Draw route at Baramati Tube Plant.
- Developments as mentioned in B(i) and (ii) above have become functional. Apart from improvement in productivity and cost reduction it has helped develop in house expertise.

##### (iii) In case of imported technology (imported during last three years reckoned from the beginning of the financial year) – Not Applicable

##### (iv) As part of the Company's overall strategy, throughout the year the Company remained focused on developing value added products for all its market segments including Energy, OCTG, Bearing, Auto and Mining Sectors. R & D activities also focused on process

(Rs. in Crore)

| Sr. No. | Particulars                    | 2022-23 | 2021-22 |
|---------|--------------------------------|---------|---------|
| i)      | Capital                        | Nil     | Nil     |
| ii)     | Recurring                      | Nil     | Nil     |
|         | Total                          | Nil     | Nil     |
|         | Total R & D as a % of Turnover | Nil     | Nil     |

#### (C) Foreign exchange earnings and Outgo

During the year under review, foreign exchange earnings were Rs. 276.22 Crore & foreign exchange outgo was Rs. 438.65 Crore.

## Annexure C to the Directors' Report

### Annual Report on CSR Activities

[Pursuant to Section 135 of the Act read with the Companies (Corporate Social Responsibility Policy) Rules, 2014]

#### 1. Brief Outline on CSR Policy of the Company:

As per the Corporate Social Responsibility (CSR) Policy of the Company, eligible funds for CSR activities in each financial year will be expended in the areas of Education, Environment, Health and Hygiene and Rural Development through one or more implementing agencies. These CSR activities will be carried out through various programmes or projects as specified in the CSR Policy.

#### 2. Composition of CSR Committee:

The CSR Committee comprises of three Directors, viz. Mr. Ravindranath Gumaste as its Chairman and Mr. Nishikant Ektare, Managing Director and Dr. Shalini Sarin, Independent Director as its Members.

During FY2022-23, two meetings of the CSR Committee were held i.e. on July 29, 2022 and January 24, 2023.

Details of attendance at the meetings of the CSR Committee:

| Name of Director         | Designation / Nature of Directorship | Number of meetings held | Number of meetings attended |
|--------------------------|--------------------------------------|-------------------------|-----------------------------|
| Mr. Ravindranath Gumaste | Non-Independent & Non-Executive      | 2                       | 2                           |
| Mr. Nishikant Ektare     | Managing Director                    | 2                       | 2                           |
| Dr. Shalini Sarin        | Independent Director                 | 2                       | 1                           |
| Mr. R Poornalingam*      | Independent Director                 | 2                       | 2                           |

\*Mr. R Poornalingam ceased to be a member of the CSR Committee w.e.f. March 8, 2023

- The composition of CSR Committee, CSR Policy and CSR Projects approved by the Board are disclosed on the website of the Company: [www.ismt.co.in](http://www.ismt.co.in)
- Provisions of Rule 8(3) of the Companies (Corporate Social Responsibility Policy) Rules, 2014 relating to carrying out of impact assessment of CSR projects are not applicable to the Company

#### 5.

|    |  |                  |
|----|--|------------------|
| a. | Average Net Profit of the Company as per Section 135(5) of the Companies Act, 2013       | Rs. 578.44 Crore |
| b. | Two percent of average net profit of the Company as per Section 135(5)                   | Rs. 11.57 Crore  |
| c. | Surplus arising out of CSR projects or programme/ activities of previous financial years | Nil              |
| d. | Amount required to be set off for the financial year, if any                             | Nil              |
| e. | Total CSR obligation for the financial year (5b+5c-5d)                                   | Rs. 11.57 Crore  |

#### 6.

|    |  |                |
|----|--|----------------|
| a. | Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project) | Rs. 0.34 Crore |
| b. | Amount spent in Administrative Overheads.  | Nil            |
| c. | Amount spent on Impact Assessment, if applicable.                                  | NA             |
| d. | Total amount spent for the Financial Year [(a)+(b)+(c)].                           | Rs. 0.34 Crore |

#### e. CSR amount spent or unspent for the Financial Year:

| Total Amount Spent for Financial Year (in Rs.) | Amount Unspent (in Rs.)  |                  |  |        |                  |
|--|--|------------------|--|--------|------------------|
|  | Total Amount transferred to Unspent CSR Account as per section 135(6). |                  | Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5). |        |                  |
|  | Amount   | Date of transfer | Name of the Fund   | Amount | Date of transfer |
| Rs. 0.34 Crore                                 | Rs. 11.23 Crore  | April 28, 2023*  | -  | -      | -                |

\* Amount transferred to special bank account separately opened by implementing agency for CSR Activities of the Company.

f. Excess amount for set-off, if any: NA

| Sl No | Particular   | Amount (in Rs.) |
|-------|--|-----------------|
| (1)   | (2)  | (3)             |
| (i)   | Two percent of average net profit of the company as per sub-section (5) of section 135 | -               |
| (ii)  | Total amount spent for the Financial Year  | -               |
| (iii) | Excess amount spent for the Financial Year [(ii)-(i)]                                  | -               |
| (iv)  | Surplus arising out of CSR project/ programme/ activities of previous Financial Years  | -               |
| (v)   | Amount available for set off in succeeding Financial Years [(iii)-(iv)]                | -               |

7. Details of Unspent Corporate Social Responsibility amount for preceding three Financial Years: NA

| 1       | 2                           | 3   | 4   | 5                              | 6   |                  | 7  | 8                  |
|---------|-----------------------------|---|---|--------------------------------|---|------------------|--|--------------------|
| Sl. No. | Preceding Financial Year(s) | Amount transferred to Unspent CSR Account under sub-section (6) of section 135 (in Rs.) | Balance Amount in Unspent CSR Account Under sub-section (6) of section 135 (in Rs.) | Amount Spent in the FY (in Rs) | Amount transferred to a Fund as specified under Schedule VII as per Second proviso to subsection (5) of section 135, if any |                  | Amount remaining to be spent in succeeding Financial Years (in Rs) | Deficiency, if any |
|         |                             |   |   |                                | Amount (in Rs)  | Date of Transfer |  |                    |
| 1       | FY-1                        | -   | -   | -                              | -   | -                | -  | -                  |
| 2       | FY-2                        | -   | -   | -                              | -   | -                | -  | -                  |
| 3       | FY-3                        | -   | -   | -                              | -   | -                | -  | -                  |

8. Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the Financial Year:

√ ☐ Yes No ☐

If Yes, enter the number of Capital assets created/ acquired - 1

Furnish details relating to such asset(s) so created or acquired through Corporate Social Responsibility amount spent in the Financial Year:

| S No | Short particulars of property/ asset [including complete address & location of property]   | Pin code of Property/ asset | Date of creation | CSR amount spent | Details of entity/ Authority/ beneficiary of registered owner |  |  |
|------|--|-----------------------------|------------------|------------------|---|--|--|
| (1)  | (2)  | (3)                         | (4)              | (5)              | (6)   |  |  |
|      |  |                             |                  |                  | CSR Registration Number, if applicable                        | Name   | Registered address                     |
| 1.   | Short particulars - Construction of Hostel Block - 2 - area currently under construction - 31,000 sq. ft. at Pune Campus Address - Kirloskar Institute of Advanced Management Studies, Gut No. 356 & 357, Near Tata Foundry Village Dhamane, Taluka, Maval, Pune – 410 506 | 410506                      | Under Process    | Rs. 0.34 Crore   | CSR00004586   | Kirloskar Institute of Advanced Management Studies | Yantrapur Post, Harihar, KA 11, 577602 |

9. Specify reason, if the Company has failed to spend 2% of average net profit as per section 135(5): **Not Applicable**

For **ISMT Limited**

**Nishikant Ektare**  
Managing Director  
Pune, May 3, 2023

**Ravindranath Gumaste**  
Chairman CSR Committee



**Annexure D to the Directors' Report**

Information pursuant to Rule 5 of the Companies (Appointment and remuneration of managerial personnel) Rules, 2014

| <b>Sr No</b> | <b>Information required</b>  | <b>Particulars</b>  |
|--------------|--|---|
| 1            | Ratio of remuneration of each Director to the median remuneration of employees of the Company for the financial year   | Kindly refer to Table D-1   |
| 2            | Percentage increase in remuneration of each Director, Chief Financial Officer, Company Secretary in the financial year   | Kindly refer to Table D-1   |
| 3            | The percentage increase in the median remuneration of employees in the financial year  | -2.36%  |
| 4            | The number of permanent employees on the rolls of Company  | 1878  |
| 5            | 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  | <p>Percentage increase in salaries of employees other than managerial personnel in FY 2022-23 was 7.5% whereas percentile increase in managerial remuneration for FY 2022-23 was 21.77% (which is after removal of Gratuity benefits to Mr. Rajiv Goel, former Chief Financial Officer, of Rs 2.76 Crore).</p> <p>Aforesaid increase in managerial remuneration was mainly due to additional contribution made by the managerial team to increase the profitability, streamlining the controls and mitigating various risks during the previous year.</p> |
| 6            | Affirmation that the remuneration is as per the remuneration policy of the company   | Payment of remuneration to Directors is accordance with the Nomination and Remuneration Policy of the Company   |
| 7            | <p>Statement showing name of top ten employees in terms of remuneration drawn and the name of every employee, who-</p> <p>(i) if employed throughout the financial year, was in receipt of remuneration for that year which, in the aggregate, was not less than one crore and two lakh rupees;</p> <p>(ii) if employed for a part of the financial year, was in receipt of remuneration for any part of that year, at a rate which, in the aggregate, was not less than eight lakh and fifty thousand rupees per month;</p> <p>(iii) if employed throughout the financial year or part thereof, was in receipt of remuneration in that year which, in the aggregate, or as the case may be, at a rate which, in the aggregate, is in excess of that drawn by the managing director or whole-time director and holds by himself or along with his spouse and dependent children, not less than 2% percent of the equity shares of the company.</p> | Kindly refer to Table D-2   |

Table D-1

| Sr No | Name of Directors/ KMPs  | Designation             | Ratio of remuneration of each director to the median remuneration of the employees of the Company | Percentage increase in the remuneration |
|-------|--------------------------|-------------------------|---|---|
| 1     | Mr. Rahul Kirloskar      | Chairman                | 1.9   | NA*                                     |
| 2     | Mr. Ravindranath Gumaste | Vice Chairman           | 6.2   | NA*                                     |
| 3     | Mr. Nishikant Ektare     | Managing Director       | 76.9  | NA*                                     |
| 4     | Mr. S. Venkataramani     | Independent Director    | 6   | NA*                                     |
| 5     | Mr. Kanakraj M           | Independent Director    | 3.1   | 8.20%                                   |
| 6     | Dr Shalini Sarin         | Independent Director    | 3.6   | NA*                                     |
| 7     | Mr. R Poornalingam       | Independent Director    | 4.1   | 38.50%                                  |
| 8     | Mr. Rajiv Goel           | Chief Financial Officer | 83  | 181.70%                                 |
| 9     | Mr. Suresh Patil         | Chief Financial Officer | NA  | NA*                                     |
| 10    | Mr. Chetan Nathani       | Company Secretary       | NA  | 7.60%                                   |

\* Appointed for part of the current/ previous financial year. Hence, increase in remuneration is not comparable

Table D-2

| Sr No | Name of Employee & Designation                                | Remuneration (Rs.) | Qualification             | Experience (Years) | Start of employment | Age (Years) | Details of last Employment               | Percentage of equity shares held |
|-------|---|--------------------|---------------------------|--------------------|---------------------|-------------|--|----------------------------------|
| 1     | Rajiv Goel, Chief Financial Officer^^                         | 4,90,72,308        | B. Com (Hons), FCA, FCS   | 52                 | December 01, 2005   | 70          | The Indian Seamless Metal Tubes Ltd.     | 0.0007                           |
| 2     | Nishikant Ektare, Managing Director                           | 4,54,74,840        | B. E. (Electrical)        | 36                 | March 10, 2022      | 62          | Kirloskar Ferrous Industries Ltd.        | None                             |
| 3     | Kishor Bharambe, President Tube Operations                    | 94,61,090          | B. E. (Mechanical), PGDBA | 32                 | March 27, 2002      | 58          | The Indian Seamless Metal Tubes Ltd.     | 0.0005                           |
| 4     | Pankaj Wahi, Executive Vice President (Finance & Accounts) ^^ | 94,53,068          | B. Com (Hons), ACMA, ACS  | 31                 | February 11, 2010   | 55          | Reliance Global Management Services Ltd. | None                             |
| 5     | Kishore Bhapkar, Executive Vice President (Works)             | 70,98,560          | B. E. (Mechanical)        | 38                 | December 15, 2016   | 59          | Baramati Agro Ltd.                       | 0.0009                           |
| 6     | Dilipkumar Khandelwal, Executive Vice President (Logestic)    | 67,39,830          | BSC                       | 27                 | August 01, 2013     | 53          | Wipro Ltd.                               | None                             |
| 7     | Suresh Kulkarni, Director - Technical                         | 64,58,500          | DME & DBM                 | 42                 | April 01, 2022      | 66          | Kirloskar Ferrous Industries Ltd.        | None                             |
| 8     | Durga Rao, Executive Vice President (Procurement)             | 54,07,172          | DME, AMIME, MBA           | 30                 | October 01, 2009    | 53          | Rasoya Proteins Ltd.                     | None                             |
| 9     | Balram Agarwal, Executive Vice President (Projects)           | 51,77,195          | B. E. (Mechanical) PGDBA  | 29                 | August 01, 2013     | 55          | Remi Metals Gujrat Ltd.                  | None                             |
| 10    | Zakir Shaikh, Executive Vice President (Human Resources)^^    | 40,46,974          | B. Com, LLB               | 27                 | July 01, 2022       | 54          | Comau India Pvt. Ltd.                    | None                             |

^^ Employee worked for part of the year

**Annexure E to the Directors' Report**

**Form No. MR-3**  
**SECRETARIAL AUDIT REPORT**  
**FOR THE FINANCIAL YEAR ENDED 31<sup>st</sup> MARCH 2023**

[Pursuant to section 204(1) of the Companies Act, 2013 & Rule 9 of the Companies  
(Appointment & Remuneration Personnel) Rules, 2014]

To,  
The Members,

**ISMT LIMITED**

(CIN: L27109PN1999PLC016417)

Panama House (Earlier known as Lunkad Towers)

Viman Nagar, Pune 411014

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **ISMT LIMITED** (hereinafter referred to as "**the Company**"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

**Management's Responsibility for Secretarial Compliances**

The Company's management is responsible for the preparation and maintenance of Secretarial Records and for devising proper systems to ensure compliance with the provisions of applicable laws and regulations.

**Auditor's Responsibility**

Our responsibility is to express an opinion on the Secretarial records, standards and procedures followed by the Company with respect to Secretarial Compliances on test basis.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by "the Company" as made available to us and also the information provided by "the Company", its officers, agents and authorized representatives during the conduct of Secretarial Audit for the financial year ended on March 31, 2023, according to the provisions of;

- i. The Companies Act, 2013 (the Act) and the rules made there under.
- ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under (as amended from time to time);
- iii. The Depositories Act, 1996 and the Regulations and Byelaws framed there under (as amended from time to time);
- iv. The Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings (as amended from time to time);
- 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 (as amended from time to time);

- b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 (as amended from time to time);
- c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (as amended from time to time); **Not Applicable for the period under review;**
- d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guideline, 1999 and the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 (as amended from time to time); - **Not Applicable for the period under review;**
- e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (as amended from time to time); - **Not Applicable for the period under review;**
- f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 (as amended from time to time) regarding the Companies Act and dealing with client;
- g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021 (as amended from time to time); - **Not Applicable for the period under review.**
- h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (as amended from time to time); **Not Applicable for the period under review;**
- i) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible and Redeemable Preference Shares) Regulations, 2013 and The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 (as amended from time to time); **Not Applicable for the period under review.**
- vi. Based on the Compliance mechanism processes as explained by the Company and on the basis of the Compliance Certificate(s) issued by the Company Secretary and authorized departmental compliance officers of the Company and taken on record by the Board of Directors at their duly convened and held meetings, we are of the opinion that the management has adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with industry specific applicable laws, rules, regulations and guidelines.

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

- Secretarial Standards as issued and notified by The Institute of Company Secretaries of India.
- The Listing agreement entered by the Company with BSE Limited and National Stock Exchange of India Limited and Securities and Exchange Board of India (Listing Obligations and Disclosures Requirements) Regulations, 2015 (as amended from time to time).

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above except to the extent as mentioned below:

| Sr. No. | Relevant Provision for Compliance Requirement   | Observation   |
|---------|---|---|
| 1.      | Regulation 31(2) of Securities Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulation, 2015   | Misrilall Properties Pvt. Limited, being a member of the promoter group holding 23,527 equity shares of the Company.<br>As on 30 <sup>th</sup> June, 2022 all the shares were in physical form.<br>As on 30 <sup>th</sup> September, 2022: 20,217 shares were in D-mat form and balance 3,400 equity shares were still in physical form.<br>However, the balance 3,400 equity shares held in Physical form were also dematerialized by the Quarter ended 31 <sup>st</sup> December, 2022. |
| 2.      | Regulation 10 of the Foreign Exchange Management (Overseas Investment) Regulations, 2022 issued vide Notification No. FEMA 400/2022-RB dt 22 <sup>nd</sup> August, 2022 (Erstwhile Regulation 15 of Foreign Exchange Management (Transfer or Issue of Any Foreign Security) (Amendment) Regulations, 2004 issued vide Notification No. FEMA 120/ RB-2004 dtd July 7, 2004 as amended from time to time) | The Company has not filed Annual Performance Report (APR) in Part II of Form ODI with Reserve Bank of India through AD Bank in respect of its Overseas subsidiary named Structo Hydraulics AB, Sweden.  |

|    |   |  |
|----|---|--|
| 3. | Section 82 of the Companies Act, 2013   | The Company has satisfied in Full, the Charge registered against the Charge ID 80004841 on 5 <sup>th</sup> April, 2022, however filing of e-Form CHG – 4 is still pending beyond the statutory period of 30 days due to technical difficulties in filing of the said form. |
| 4. | Regulation 23 (2) of Securities Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015 | The Company has not obtained prior approval of Audit Committee for entering into transaction amounting INR 4 Lakhs of reimbursement of expenses with one of its related party, however subsequently the same was ratified by the Audit Committee.                          |

Details of notices received from Statutory Authorities during the Audit Period is tabled below:

| Sr. No. | Action Taken By | Details | Details of Action taken, E. g. fines, warning letter, debarment etc. | Observation/ Remarks of the Practicing Company Secretary |
|---------|-----------------|---------|--|--|
| NIL     |                 |         |  |  |

#### We further report that;

1. As per Regulation 23 (9) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has filed Related Party Transaction Statements with the Stock Exchanges, whereas it was observed that there were some errors in the said Statements. In view of which, the Company is in the process of filing revised Statements with the stock exchanges.
2. 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.
3. Generally adequate notices were found to have been given to all directors to schedule the Board 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.
4. All the decisions in the Board meeting were carried through with requisite majority, while there were no dissenting members' views and hence not 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.

We further report that during the audit period the Company has:

- 1) The Board of Directors of the Company at its meeting held on November 4, 2022 and adjourned to November 5, 2022, inter alia, has approved the Scheme of Arrangement and Merger of the Company ("Transferor Company") with Kirloskar Ferrous Industries Limited ("Transferee Company") and their respective shareholders ("Scheme"). The Company has filed application with the stock exchanges for obtaining its NOC/ Observation letter to the Scheme which is awaited.

As informed to us, we report that there are no Legal Dispute/s, corporate and Industrial issues/ cases going on against the

Company, other than of routine nature, which the Company is contesting legally.

**For KPRC & Associates**  
Company Secretaries

**CS Kuldeep Ruchandani**  
Partner  
C.P. No. 8563, FCS 7971  
UDIN: F007971E000233350

Date:- 1<sup>st</sup> May 2023

Place:- Pune

Note: This report is to be read with our letter of even date which is annexed as Annexure A and form as integral part of this report.

## ANNEXURE A

To,  
The Members,  
**ISMT LIMITED**  
(CIN: L27109PN1999PLC016417)  
Panama House (Earlier Known As Lunkad Towers)  
Vimannagar Pune - 411014, Maharashtra India

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

1. The compliance of provisions of all laws, rules, regulations, standards applicable to ISMT LIMITED (the 'Company') is the responsibility of the management of the Company. Our examination was limited to the verification of records and procedures on test check basis for the purpose of issue of the Secretarial Audit Report.
2. Maintenance of secretarial and other records of applicable laws is the responsibility of the management of the Company. Our responsibility is to express an opinion on these Secretarial records based on our audit.
3. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial and other legal records, legal compliance mechanism and corporate conduct. The verification was done on test check basis to ensure that correct facts are reflected in secretarial and other records. We believe that the processes and practices

we followed, provides a reasonable basis for our opinion for the purpose of issue of the Secretarial Audit Report.

4. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
5. Wherever required, we have obtained the management representation about the compliance of laws, rules and regulations and major events during the audit period including the notices received from regulatory authorities.
6. The Compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our 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 efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For KPRC & Associates**  
Company Secretaries

**CS Kuldeep Ruchandani**  
Partner  
C.P. No. 8563, FCS 7971  
UDIN: F007971E000233350

Date:- 1<sup>st</sup> May 2023

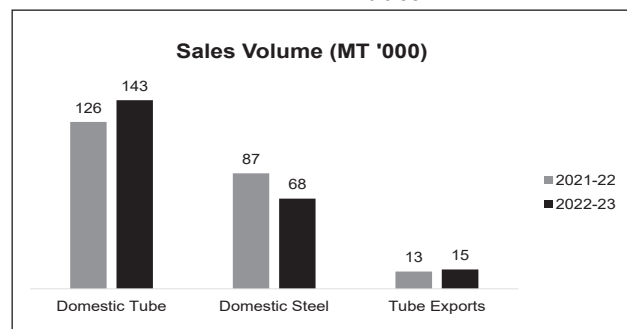
Place:- Pune



## Management Discussion and Analysis

### Company Performance:

|                   |                      |
|-------------------|----------------------|
| Total Income      | : Rs. 2,581.70 Crore |
| EBIDTA            | : Rs. 241.60 Crore   |
| Profit Before Tax | : Rs. 157.31 Crore   |
| Profit After Tax  | : Rs. 96.55 Crore    |



With Net Worth turning positive, the Company witnessed increase in domestic seamless tubes demand especially from Oil & Gas, Projects sectors resulting in higher sales volumes over previous year. Increase in seamless tube export sales to USA helped surpass export volumes of previous year. Lower demand from Automobile and Bearing sectors led to a drop in domestic steel sales.

Rs. in Crore

| Particulars      | 2022-23     | 2021-22 | Change |
|------------------|-------------|---------|--------|
| <b>Net Sales</b> | <b>2534</b> | 2124    | 19%    |
| Domestic         |             |         |        |
| -Tube            | 1701        | 1314    | 29%    |
| -Steel           | 556         | 621     | (10%)  |
| Tube Exports     | 276         | 189     | 46%    |

### INDUSTRY STRUCTURE AND DEVELOPMENTS

#### Seamless Tubes Industry

Seamless Tube is a capital intensive industry & deploys high end technology. While the industry competes with other types of pipes & tubes in certain applications, it clearly is a preferred choice when it comes to better surface finish, machine-ability, strength to weight ratio and longer life. Seamless Tubes find applications in Oil and Gas exploration industry, Power Sector, Automotive, Construction Equipment, Bearing, Material handling equipment, Structural Components and host of other Mechanical applications. Seamless Tube consumption is largely dependent on long term economic growth and growth in Automobile sector & Capex sectors.

#### Steel Industry

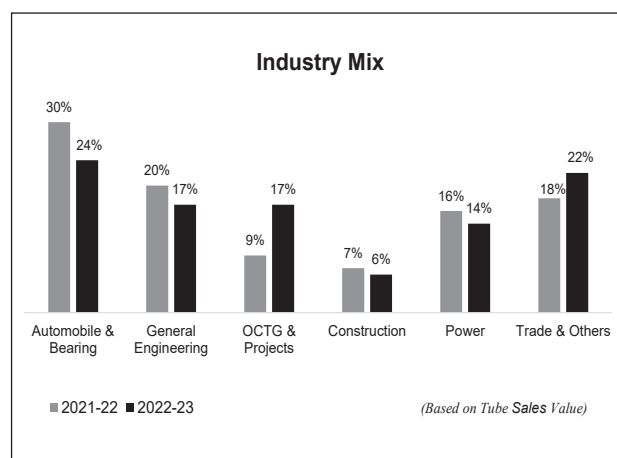
ISMT has Steel Plant which uses the Electric arc furnace technology to produce Steel.

ISMT is predominantly engaged in the manufacturing of specialty alloy and bearing Steel. The end user segments are largely Bearing, Automotive, Engineering and Forging Customers apart from some customers requiring steel for specialized application. The fortunes of the specialty and alloy steel products is closely linked to automotive and auto component industry.

### MARKET

ISMT is a diversified value added Seamless Tube supplier catering to following major industries:

- Oil and gas : As casings & Tubings during oil/ gas exploration.
- Power : In Boilers & Heat Exchangers
- Construction Equipment : In mining and earth moving equipment
- Automotive & General Engineering : Applications in two wheeler to four wheeler as front forks, axel, Steeling columns, Air bag system etc.
- Bearings : Inner and outer races of Bearings
- Others : In greenfield projects for fluid transportation, Construction of Stadiums and airports, gas cylinders, crane booms etc.



In relative terms, the sales to OCTG and Projects sectors almost doubled over previous year and in absolute terms the same increased by more than 2.5 times. The drop in sales to other sectors was more than compensated by increase in sales to OCTG, Projects and Trade.

### OPPORTUNITIES & THREATS

#### Opportunities

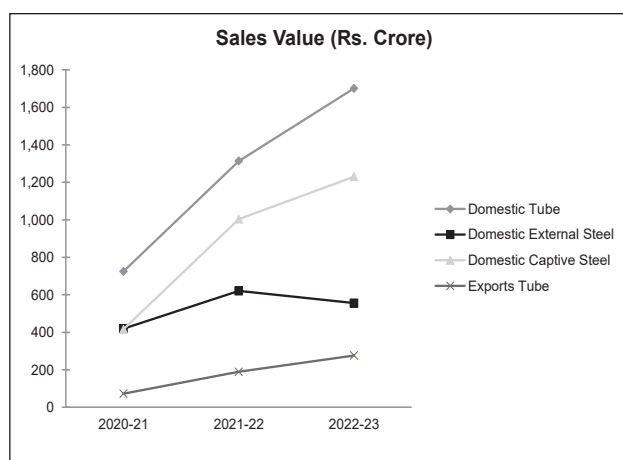
Strong financials after a gap of almost a decade are likely to bring back the customer confidence in the Company. This factor coupled with the Company becoming eligible for 'tender business' after its Net Worth becoming positive, is likely to increase the top line of the Company. With good liquidity base, the Company is poised to negotiate prices with its customers as well as suppliers resulting in further improvement of the bottom line. The Company is also well positioned to take up product developments with the customers to mitigate import substitution.

**Management Discussion and Analysis (Contd.)****Threats**

Any global business disruption in the form of pandemics, wars, terrorism which adversely impacts raw material availability, logistics difficulties, raw material & fuel price volatility etc. will continue to remain a threat. The imposition of anti-dumping duties from developed countries remains a further threat to the export sales of the Company.

**SEGMENT/ PRODUCT INFORMATION**

Your Company is engaged in manufacturing Seamless Tubes and Engineering Steels. Seamless Tube accounted for 78% (previous year 71%) of ISMT's total external sales value while Steel accounted for the balance 22% (previous year 29%). Captive consumption of steel was 69% (previous year 62%) of total steel sales volumes. The Company procured more carbon grade steel from captive source for its Baramati Seamless Tube plant on account of increase in Baramati plant sales.



Increase in sales to Oil, Gas and Projects sectors resulted in higher Seamless Tubes sales in the financial year under review. On the other hand, lower off-take from Automobile & Bearing sectors led to drop in domestic Steel sales.

Output of Steel division of the Company is input for Tube divisions. To cater to the increased raw material requirement of Seamless Tube division, captive sales of Steel division were higher during the year as compared to previous year.

Higher sales especially to USA resulted in increase export sales volumes by 12% over previous year. In value terms the export sales increased by 46% owing to increase in input costs and depreciation of Indian Rupee against US Dollar.

**OUTLOOK**

Overall tensions on international scenario pose certain challenges in terms of uncertainty in demand and volatility in raw material and fuel prices. These constant fluctuations have an adverse impact on Gross profit and EBITDA margins. At the same time, strong Balance Sheet will help create new opportunities in terms of increase in sales and reduction in manufacturing costs by incurring the required capital expenditure.

**RISKS & CONCERNS**

Your Company regularly evaluates and reviews potential risks on account of various factors such as government policies, natural/man-made disasters, and political risks. Apart from above, the Company is exposed to fluctuations in foreign exchange rates and commodity prices. Any change in laws & regulations, whether domestically or internationally could affect the business and financial condition of your Company.

For long term success, the Company has adequate risk management system towards identification & evaluation of potential risks and the same are evaluated and reviewed regularly by the management so as to minimize/ eliminate the adverse impact, if any.

**INTERNAL CONTROL SYSTEMS**

The Company has adequate and effective internal control systems and processes in place, which are designed to provide reasonable assurance with regards to recording and providing reliable financial and operational information, safeguarding the assets, statutory compliance, executing transactions with proper requisite approvals and ensuring compliance with applicable laws and regulations. The Company, during the year, has appointed an external firm for Internal Audit who in turn submit their report to the Audit Committee on a periodic basis which reviews the effectiveness and adequacy of the internal control systems and processes and suggests improvements, if any.

**FINANCIAL PERFORMANCE****Finance Cost**

The Company has been sanctioned total working capital limits of Rs. 530 Crore from Banks out of which Rs. 145 Crore is fund based and balance Rs. 385 Crore is non fund based. As on 31st March 2023, Company has availed Buyers and Supplier Credit of Rs. 68.90 Crore.

The Company's forex exposure is managed both through a natural hedge and by taking forward cover under the board approved risk management policy framework. The forex risk is reviewed periodically and managed in line with the objectives laid in the policy.

**Working Capital**

The inventory holding period was marginally higher as compared to previous year. Average credit period to customers was reduced from 51 days to 45 days. All the above factors enabled the Company to achieve higher sales without availing any fund based limits sanctioned by the Bank.

**Rs. in Crore**

| Particulars               | 2022-23 | 2021-22 |
|---------------------------|---------|---------|
| Average Inventory         | 447     | 388     |
| Stock Turnover(times)     | 3.07    | 3.19    |
| Average Debtors           | 316     | 294     |
| Debtors Turnover(times)   | 8.03    | 7.22    |
| Average Creditors         | 210     | 172     |
| Creditors Turnover(times) | 7.84    | 8.75    |

## Management Discussion and Analysis (Contd.)

### Energy Cost

Energy Cost accounted for 16% of the Company's net revenues at Rs. 414 Crore.

| Particulars  | 2022-23 | 2021-22 | Change |
|--|---------|---------|--------|
| <b>Power consumption</b><br>(KWH/Ton of Production)            |         |         |        |
| -Steel Division  | 814     | 798     | (2%)   |
| -Tube Division   | 563     | 637     | 12%    |
| <b>Avg. Electricity Rate per Unit</b><br>From MSEDCL (Rs./KWH) | 9.67    | 8.50    | (14%)  |

Increase in capacity utilisation & measures taken by the tube plants resulted in drop in power consumption per unit of production by 12%. Power consumption per unit of production of steel plant was higher by 2% as a result of lower production. MSEDCL imposed a charge of Rs 1.20 per KWH w.e.f. 1<sup>st</sup> June 2022 to 31<sup>st</sup> January 2023 towards Fuel Adjustment Charges (FAC) and has now merged this component with the tariff.

| Particulars  | 2022-23 | 2021-22 | Change |
|--|---------|---------|--------|
| <b>Fuel Consumption</b><br>(KLtrs/Ton of Production) |         |         |        |
| - Steel Division                                     | 32      | 33      | 3%     |
| - Tube Division                                      | 88      | 94      | 6%     |
| <b>Avg. Fuel rate</b><br><b>Rs. Per Litre</b>        | 54.00   | 46.54   | (16%)  |

In spite of drop in production, fuel consumption per unit at steel plant was lower by 3% than previous year. Better fuel consumption per unit by 6% of tube plants was a result of increase in capacity utilisation and various measures taken for saving of fuel. Fuel rates are mostly guided by international oil prices. On an average during the year the international oil prices were higher than previous year resulting into 16% increase in average fuel prices.

### KEY FINANCIAL RATIOS

Some of the key financial ratios for current year as compared to previous year are as under:

| Particulars             | 2022-23 | 2021-22 | Change  |
|-------------------------|---------|---------|---------|
| Debtors Turnover        | 8.0     | 7.2     | 11.2%   |
| Inventory Turnover      | 3.07    | 3.2     | (3.7%)  |
| Interest Coverage Ratio | 8.8     | 1.5     | 497.2%  |
| Current Ratio           | 2.2     | 1.6     | 39.2%   |
| Debt Equity Ratio       | 0.05    | 0.15    | 66.7%   |
| Operating Profit Margin | 9.5%    | 3.7%    | 157.7%  |
| Net Profit Margin       | 3.8%    | 111.00% | (96.6%) |
| Return on Net Worth     | 11.3%   | 1.1%    | 912.1%  |

### Notes:

- 1) The amounts of assets, liabilities and net profits for the current year as well as previous year are inclusive of components of exceptional nature and hence, these analytical ratios are not truly reflecting the operations and financials of the Company. These exceptional components include unpaid overdue debts in previous year and impairment of assets and investments in subsidiaries in current year.
- 2) The Company is continuously making efforts to bring down the inventory and debtors. While there is improvement in Debtors Turnover, Inventory Turnover has marginally dropped.
- 3) Higher profit and lower debt resulted in better Interest Coverage Ratio.
- 4) Improvement in Current Ratio and Debt Equity Ratio is due to reduction in Bank Borrowings.
- 5) Better price realisation and reduction in costs resulted in higher Operating Profit Margin.
- 6) Net Profit Margin and Return on Net Worth is not comparable with previous year considering impact of one time settlement of loans in previous year earnings.

### HUMAN RESOURCES DEVELOPMENT AND INDUSTRIAL RELATIONS

The Company believes that Human Resource is a crucial and most valuable asset for the Organisation. Therefore the employees having high level of niche-competence are considered as most valuable asset and it strives to attract & retain the best talents. It will support the Company to meet their future business needs and succeed & grow in the competitive market.

During the Financial year 2022-23, the Company has taken following steps;

- a. Leadership development in collaboration with Thomas Assessment for the First & Second line Leaders.
- b. Performance Management System is adopted for clarity about individual's objectives and the compensation aligned to it.
- c. Based on business requirements 25 training programs were organised engaging internal & external faculties and having participation of 385 employees.
- d. Enhancing Safety & Security Systems: Safety Audits at all plants was conducted and actions were taken to improve working conditions. Occupational Health Centre (OHC) were started and manned to take care of Health of employees at work.
- e. Security system was enhanced by onboarding Senior Ex-Servicemen and team below (Junior Commissioned Officers) to have control over gate movements & safety of Company's property.

**Management Discussion and Analysis (Contd.)**

Industrial relations continued to remain peaceful throughout the year. The Company signed Bonus-Ex-gratia agreements with blue collar employees at all three manufacturing locations.

**EMPLOYEE RELATED INFORMATION****As on March 31, 2023**

| <b>Particulars</b> | <b>Total</b> |
|--------------------|--------------|
| Managers           | 272          |
| Officers & Staff   | 646          |
| Workmen            | 960          |
| <b>Total</b>       | <b>1878</b>  |

**CAUTIONARY STATEMENT**

Statements in Management Discussion & Analysis describing the Company's objectives, projections, estimates & expectations/ predictions may be forward looking statements within the meaning of applicable securities laws & regulations. Actual results could differ materially from those expressed/ implied. Important factors that could make difference to the Company's operations include economic conditions affecting demand/supply & price conditions, in domestic & overseas markets in which the Company operates changes in government regulations, tax laws & other statutes & other incidental factors.

## CORPORATE GOVERNANCE REPORT

### COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Corporate Governance is a set of principles, systems and processes to be followed by the Directors, Management and employees of the Company for enhancement of shareholder value keeping in view interest of stakeholders at large viz. Shareholders, Customers, Employees, Society, Suppliers of goods and/ or services, Lenders etc. The Company continues to adopt and practice the principles of good Corporate Governance while ensuring high level of integrity, accountability and transparency at all levels in the organization. The Company believes that good corporate governance is the foundation for any successful organization and as such, the Company continuously endeavors to improve the standards of governance.

### BOARD OF DIRECTORS

The Board of Directors of the Company (Board), as on date, has an optimum combination of executive and non-executive directors & comprises of 6 Directors including 3 Independent Directors & 1 Executive Director.

The composition of the Board, their attendance at the Board Meetings held during the financial year 2022-23 and at the last Annual General Meeting and other details are as follows:

| Sr. No. | Name of the Director            | Category             | Financial Year 2022-23 Attendance |          | No. of Directorships in other public companies @ | Committee positions in other public companies# |          |
|---------|---------------------------------|----------------------|-----------------------------------|----------|--|--|----------|
|         |                                 |                      | Board Meetings                    | Last AGM |  | Member   | Chairman |
| 1       | Mr. R Poornalingam <sup>§</sup> | Independent-NED      | 6                                 | Yes      | -  | -  | -        |
| 2       | Mr. Rajiv Goel *                | Non-Independent -NED | 6                                 | Yes      | -  | -  | -        |
| 3       | Mr. Kanakraj Madhavan           | Independent-NED      | 5                                 | Yes      | -  | -  | -        |
| 4       | Mr. Rahul Kirloskar             | NED-Chairman         | 6                                 | Yes      | 5  | 6  | 3        |
| 5       | Mr. Ravindranath Gumaste        | NED-Vice Chairman    | 6                                 | Yes      | 1  | -  | -        |
| 6       | Mr. S Venkataramani             | Independent-NED      | 6                                 | Yes      | 1  | 1  | -        |
| 7       | Dr. Shalini Sarin               | Independent-NED      | 6                                 | Yes      | 4  | 7  | 1        |
| 8       | Mr. Nishikant Ektare            | ED                   | 6                                 | Yes      | -  | -  | -        |

NED: Non-Executive Director; ED: Executive Director

@ Does not include directorships in Private Limited Companies, Foreign Companies and companies under Section 8 of the Companies Act, 2013.

# Includes only Statutory Committees.

<sup>§</sup> Ceased as Director w.e.f March 08, 2023.

\* Ceased as Director w.e.f March 18, 2023.

During the financial year 2022-23, Six Board meetings were held as under:

| Sr. No. | Date of Meetings | Sr. No. | Date of Meetings     |
|---------|------------------|---------|----------------------|
| 1       | May 09, 2022     | 4       | November 04-05, 2022 |
| 2       | June 20, 2022    | 5       | January 24, 2023     |
| 3       | July 29, 2022    | 6       | March 06, 2023       |

As on March 31, 2023, the composition of the Board was in conformity with Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations).

Mr R Poornalingam resigned as Independent Director of the Company w.e.f. March 8, 2023 due to personal reasons. Mr. R Poornalingam confirmed that there are no material reasons for his resignation other than those mentioned in his resignation letter.

The Board has complete access to all the relevant information available within the Company.

### APPOINTMENT/ RE-APPOINTMENT OF DIRECTORS

Pursuant to the Articles of Association of the Company and the Companies Act, 2013 (Act), Mr. Nishikant Ektare, Director of the Company, retires by rotation at the ensuing Annual General Meeting (AGM) and being eligible, offers himself for re-appointment.

### AUDIT COMMITTEE

Audit Committee of the Board is mainly entrusted with the responsibility to supervise the Company's financial reporting process. The composition, powers, role, scope and terms of reference of the Audit Committee are in conformity with the stipulations under Regulation 18 of the Listing Regulations and Section 177 of the Act.



**CORPORATE GOVERNANCE REPORT (cont.)**

The Audit Committee, inter alia, performs the functions of reviewing annual/ quarterly financials, approval of related party transactions, recommending appointment of Auditors and their remuneration, Review of the Management Discussions and Analysis, Internal Audit Reports.

The composition of Audit Committee and attendance of each member is as under:

| Name of Director                 | Chairman/<br>Member | Number of<br>Meetings Attended |
|----------------------------------|---------------------|--------------------------------|
| Mr. R. Poornalingam <sup>§</sup> | Chairman            | 5                              |
| Mr. S Venkataramani*             | Chairman            | 5                              |
| Mr. Kanakraj M                   | Member              | 4                              |
| Dr. Shalini Sarin <sup>^</sup>   | Member              | 1                              |

<sup>§</sup>Ceased as Director w.e.f March 08, 2023 \* Chairman w.e.f. March 30, 2023

<sup>^</sup>Member w.e.f. November 3, 2022

During the year under review, Five meetings of Audit Committee were held as under:

| Sr. No. | Date of Meetings | Sr. No. | Date of Meetings     |
|---------|------------------|---------|----------------------|
| 1       | May 09, 2022     | 4       | November 04-05, 2022 |
| 2       | June 20, 2022    | 5       | January 24, 2023     |
| 3       | July 29, 2022    |         |                      |

Mr. R. Poornalingam, Chairman & Mr. Kanakraj M, Member of Audit Committee were present at last Annual General Meeting held on July 29, 2022.

**MANAGERIAL REMUNERATION****a. NOMINATION AND REMUNERATION COMMITTEE:**

The Company has a Nomination and Remuneration Committee of Directors ("NRC").

Terms of reference of NRC are in conformity with Regulation 19 of Listing Regulations & Section 178 of the Act. NRC, inter alia, performs functions of recommending to the Board appointment of directors and senior management, create evaluation framework for independent directors and the Board and recommend to the Board remuneration payable to directors and senior management.

The composition of NRC and attendance of members is as under:

| Name of Director                 | Chairman/<br>Member | Number of<br>Meetings Attended |
|----------------------------------|---------------------|--------------------------------|
| Mr. R. Poornalingam <sup>§</sup> | Chairman            | 3                              |
| Dr. Shalini Sarin*               | Chairperson         | 3                              |
| Mr. Kanakraj M                   | Member              | 2                              |
| Mr. Ravindranath Gumaste         | Member              | 3                              |

<sup>§</sup> Ceased as Director w.e.f March 08, 2023

\* Chairperson w.e.f. March 30, 2023

During year under review, Three meetings of NRC held as under:

| Sr. No. | Date of Meetings  |
|---------|-------------------|
| 1       | May 09, 2022      |
| 2       | June 20, 2022     |
| 3       | November 05, 2022 |

The Company does not have any Employee Stock Option Scheme.

**b. Remuneration Policy:**

- Based on recommendations of NRC, the remuneration of Executive Directors (EDs) is decided by the Board which, inter-alia, is based on the criteria such as industry benchmarks, financial performance of the Company, performance of the EDs etc.
- The Company pays remuneration by way of salary, perquisites and allowances to EDs. No remuneration was paid by way of commission to any Non-Executive Directors (NEDs).
- Based on recommendations of NRC, the Board decides payment of remuneration to the NEDs.
- The Company paid sitting fees to NEDs of Rs. 60,000/- each for attending Board and Audit Committee Meetings and Rs. 40,000/- each for attending other committee meetings subject to the terms of remuneration, if any, paid.
- Performance evaluation of Independent Directors shall be done by the Board on such criteria as deemed appropriate by NRC.
- The Company has framed a Remuneration Policy for Directors. KMPs and Senior Management upon recommendation of NRC as approved by the Board.

**c. Remuneration to Directors:**

A Statement on remuneration/ sitting fees paid to other NEDs, during FY 2022-23 is given below:

| Name of the Director            | Salary & Perquisites (Rs.) | Sitting Fees (Rs.) | Commission (Rs.) <sup>^^</sup> |
|---------------------------------|----------------------------|--------------------|--------------------------------|
| Mr. Rajiv Goel*                 | 4,85,92,308 <sup>^</sup>   | 1,80,000           | 3,00,000                       |
| Mr. Nishikant Ektare            | 1,29,74,840                | -                  | 3,25,00,000                    |
| Mr. R Poornalingam <sup>§</sup> | -                          | 10,60,000          | 13,50,000                      |
| Mr. Kanakraj M                  | -                          | 7,40,000           | 11,00,000                      |
| Mr. Rahul Kirloskar             | -                          | 5,20,000           | 6,00,000                       |
| Mr. Ravindranath Gumaste        | -                          | 5,60,000           | 31,00,000                      |
| Mr. S Venkataramani             | -                          | 7,00,000           | 28,50,000                      |
| Dr. Shalini Sarin               | -                          | 6,20,000           | 15,00,000                      |
| <b>TOTAL</b>                    | <b>6,15,37,148</b>         | <b>43,80,000</b>   | <b>4,33,00,000</b>             |

\* Ceased as Director w.e.f March 18, 2023 <sup>^</sup> including gratuity paid for 32 years of Rs.2,76,92,308.

<sup>§</sup> Ceased as Director w.e.f March 8, 2023 <sup>^^</sup> commission on profit payable to non executive directors subject to approval of shareholders

## CORPORATE GOVERNANCE REPORT (cont.)

Note: Salary and perquisites include other allowances, Contribution to Provident Fund and Superannuation, Leave Travel Allowance, Medical Reimbursement and Accommodation provided.

Service of the Whole-time Director may be terminated by either party giving the other party notice as per the notice period mentioned in their Agreement or the Company paying salary for the said notice period in lieu thereof. There is no separate provision for payment of severance fees.

Details of shares of the Company held by NEDs as on March 31, 2023:

| Name of the Director     | Number of equity shares | Name of the Director | Number of equity shares |
|--------------------------|-------------------------|----------------------|-------------------------|
| Mr. Rahul Kirloskar      | Nil                     | Dr. Shalini Sarin    | Nil                     |
| Mr. Ravindranath Gumaste | Nil                     | Mr. Kanakraj M       | 2,502                   |
| Mr. S Venkataramani      | Nil                     |                      |                         |

### STAKEHOLDERS' RELATIONSHIP COMMITTEE

The Company has a Stakeholders' Relationship Committee ("SRC") to look into the redressal of shareholder and investors' complaints like Transfer or Credit of Shares, non-receipt of Annual Reports/ Dividends etc.

#### Composition, Meetings and Attendance during the year:

The composition of SRC and attendance of each member is as under:

| Name of the Director   | Chairman/ Member | Number of Meetings Attended |
|------------------------|------------------|-----------------------------|
| Mr. Kanakraj M         | Chairman         | 3                           |
| Mr. R. Poornalingam*   | Member           | 4                           |
| Mr. Rahul Kirloskar    | Member           | 4                           |
| Mr. Nishikant Ektare ^ | Member           | 0                           |

\* Ceased as Director w.e.f March 8, 2023

^ Member w.e.f March 30, 2023

During the year under review, four meetings of SRC were held as under:

| Sr. No. | Date of Meeting | Sr. No. | Date of Meeting  |
|---------|-----------------|---------|------------------|
| 1       | May 09,2022     | 3       | November 04,2022 |
| 2       | July 29,2022    | 4       | January 24,2023  |

### INDEPENDENT DIRECTORS MEETING

Independent Directors meeting held on November 4, 2022 wherein three Independent Directors of the Company were present.

### COMPLIANCE OFFICER

Mr. Chetan Nathani, Company Secretary is the Compliance Officer of the Company for ensuring compliance with the requirements of the Listing Regulations, the SEBI Insider Trading Regulations and other SEBI Regulations.

During the year, all complaints/ grievances received from shareholders including via SEBI SCORES, ROC and Stock Exchanges, have been attended to and resolved as mentioned below. No valid transfer/ transmission of shares were pending as on March 31, 2023.

Details of investor complaints received and redressed during Financial Year 2022-23 are as follows:

|  |    |
|--|----|
| Number of complaints pending at the beginning of the year        | 0  |
| Number of complaints received during the year                    | 55 |
| Number of complaints disposed of during the year                 | 49 |
| Number of complaints remaining unresolved at the end of the year | 6  |

### CODE OF CONDUCT

The Board has laid down a Code of Conduct for Board Members and Senior Management Personnel of the Company. The Code of Conduct is available on website of the Company: [www.ismt.co.in](http://www.ismt.co.in).

### CEO/ CFO CERTIFICATION

MD and CFO Certificate under Regulation 17(8) of Listing Regulations was placed before the meeting of the Board held on May 3, 2023.

### GENERAL BODY MEETINGS

Details of Annual General Meetings held in last three years:

| Date       | Venue/ Deemed Venue   | Time      | Number of Special Resolutions passed |
|------------|---|-----------|--------------------------------------|
| 29.07.2022 | Panama House, Viman Nagar, Pune – 411014<br>(Meeting was convened online) | 03.30 P.M | 4                                    |
| 27.09.2021 | Panama House, Viman Nagar, Pune – 411014<br>(Meeting was convened online) | 11.30 A.M | 0                                    |
| 30.09.2020 | Panama House, Viman Nagar, Pune – 411014<br>(Meeting was convened online) | 11.30 A.M | 2                                    |

Special resolutions moved at the aforesaid AGMs passed with requisite majority by e-voting & poll.

### OTHER DISCLOSURES

- There were no cases of materially significant related party transactions having potential conflict with the interests of the Company at large.

**CORPORATE GOVERNANCE REPORT (cont.)**

- There were no instances of material non-compliances and no strictures or penalties imposed on the Company either by SEBI, Stock Exchanges or any statutory authorities on any matter related to capital markets during the last three years.
- None of the Directors have any relation inter-se.
- The quarterly internal audit reports are placed before the Audit Committee.
- Audited financial statements of the Company for FY2022-23 have unmodified audit opinion.
- The Company has separate persons to the post of Chairman & Managing Director. The Chairman is a Non Executive Director & is not related to the Managing Director.
- The Company has established Vigil Mechanism and Whistle Blower Policy. It is hereby affirmed that no personnel have been denied access to the Audit Committee.
- Familiarization Programmes for Independent Directors and various policies including Policy on determination of material subsidiaries and dealing with related party transactions are placed on the Company's website: [www.ismt.co.in](http://www.ismt.co.in)
- In the opinion of the Board, the independent directors fulfill conditions specified in the Listing Regulations and are independent of the Management.
- There were no complaints filed in FY2022-23 under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.
- The Company has complied with Regulations 17 to 27 & Regulation 46(2)(b) to (i) of Listing Regulations.
- A certificate from Practicing Company Secretary is enclosed confirming that none of the directors of the Company on Board have been debarred/ disqualified from being appointed/ continuing as directors by SEBI/ Ministry of Corporate Affairs or any such authority.
- Total fees for services paid by the Company and its subsidiaries, on a consolidated basis, to the statutory auditors and all entities in the network firm/ network entity of which the statutory auditor is a part for FY2022-23 is Rs. 48.59 Lakhs.
- Following is the list of core skills/ expertise/ competencies identified by the Board & those actually available as required in context of its business & sectors for it to function effectively:

| Sr. No. | Skills/ Expertise/ Competencies | Name of Directors possessing the Skills/ Expertise/ Competencies            |
|---------|---------------------------------|---|
| i.      | Business Management             | Mr. Kanakraj M, Mr. S Venkataramani, Dr. Shalini Sarin                      |
| ii.     | Operations, Planning & Strategy | Mr. R Poornalingam*, Mr. Kanakraj M, Mr. S Venkataramani, Dr. Shalini Sarin |

| Sr. No. | Skills/ Expertise/ Competencies | Name of Directors possessing the Skills/ Expertise/ Competencies                     |
|---------|---------------------------------|--|
| iii.    | Finance & Accounts              | Mr. Rajiv Goel <sup>^</sup> , Mr. R Poornalingam*, Mr. S Venkataramani               |
| iv.     | Legal                           | Mr. Rajiv Goel <sup>^</sup> , Mr. R Poornalingam*, Mr. S Venkataramani               |
| v.      | Corporate Restructuring         | Mr. Rajiv Goel <sup>^</sup> , Dr. Shalini Sarin                                      |
| vi.     | Administration                  | Mr. Rajiv Goel <sup>^</sup> , Mr. R Poornalingam*, Mr. Kanakraj M, Dr. Shalini Sarin |
| vii.    | Marketing                       | Mr. Kanakraj M   |

\*Ceased as Director w.e.f March 8, 2023 <sup>^</sup>Ceased as Director w.e.f March 18, 2023

**MEANS OF COMMUNICATION**

Quarterly results are published in English daily newspaper and vernacular (Marathi) daily newspaper. The quarterly results and other details are also displayed on Company's website: [www.ismt.co.in](http://www.ismt.co.in).

**DESIGNATED EMAIL ID OF THE COMPANY**

The Company has E-mail Id exclusively for investor servicing: [secretarial@ismt.co.in](mailto:secretarial@ismt.co.in)

**GENERAL SHAREHOLDER INFORMATION**

|                                       |   |
|---------------------------------------|---|
| Last AGM Date and Time                | July 29, 2022 at 3.30 p.m.  |
| Deemed Venue                          | Panama House, Viman Nagar, Pune – 411014<br>(Meeting convened online)   |
| Financial Year                        | April 01, 2022 to March 31, 2023  |
| Dividend Payment date                 | Not Applicable  |
| Listed on Stock Exchange              | 1) BSE Ltd<br>PJ Towers, Dalal Street, Fort, Mumbai - 400 001<br>2) National Stock Exchange of India Ltd.<br>Exchange Plaza, Plot No. C/1, G Block, BKC, Bandra (E), Mumbai - 400 051 |
| Security Code (BSE)                   | 532479  |
| Security Code (NSE)                   | ISMTLTD   |
| ISIN Number allotted to equity shares | INE732F01019  |
| Registered Office                     | Panama House, Viman Nagar, Pune - 411014  |

The Company has paid listing fees for FY2023-24 to Stock Exchanges where its shares are listed.

## CORPORATE GOVERNANCE REPORT (cont.)

### STOCK MARKET DATA AND SHARE PRICE PERFORMANCE

(Rs.)

| Month          | Market price |       |       |       | BSE 500 INDEX |           |
|----------------|--------------|-------|-------|-------|---------------|-----------|
|                | BSE          |       | NSE   |       |               |           |
|                | High         | Low   | High  | Low   | High          | Low       |
| April 2022     | 71.10        | 49.15 | 71.15 | 49.20 | 24,628.56     | 23,272.39 |
| May 2022       | 64.10        | 49.25 | 63.95 | 48.40 | 23,575.05     | 21,343.16 |
| June 2022      | 59.15        | 47.30 | 58.80 | 48.70 | 22,770.95     | 20,482.98 |
| July 2022      | 59.00        | 49.00 | 58.90 | 49.05 | 23,376.50     | 21,018.58 |
| August 2022    | 59.65        | 52.35 | 59.15 | 52.20 | 24,629.69     | 23,362.49 |
| September 2022 | 59.00        | 47.60 | 59.25 | 47.65 | 25,066.46     | 23,141.62 |
| October 2022   | 57.45        | 47.30 | 57.50 | 42.10 | 24,606.03     | 23,252.98 |
| November 2022  | 62.75        | 45.40 | 62.70 | 46.05 | 25,479.82     | 24,545.33 |
| December 2022  | 56.90        | 45.60 | 56.90 | 45.45 | 25,554.25     | 23,865.88 |
| January 2023   | 66.10        | 52.75 | 66.15 | 52.75 | 24,801.94     | 23,369.49 |
| February 2023  | 74.40        | 61.00 | 74.00 | 61.00 | 24,124.77     | 23,004.17 |
| March 2023     | 88.49        | 66.00 | 88.50 | 65.90 | 23,785.16     | 22,556.39 |

Source: BSE and NSE websites.

### REGISTRAR AND SHARE TRANSFER AGENT

The Shareholders may contact RTA of the Company at the following address:

#### KFin Technologies Ltd.

Selenium Tower-B, Plot 31&32, Financial District,  
Nanakramguda, Serilingampally Mandal, Hyderabad - 500032

Toll Free Number: 1800 309 4001

Email: einward.ris@kfintech.com Web: www.kfintech.com

WhatsApp No:- (+91) 9100094099

KPRISM (Mobile APP) - <https://kprism.kfintech.com/>

As regards shareholding in Demat form, shareholders may write to their respective Depository Participant and provide Bank Mandate, N-ECS particulars, email Id etc. so as to facilitate expeditious payment of Corporate Action, if any.

### SHARE TRANSFER SYSTEM

The Company's shares are traded compulsorily in Demat segment on Stock Exchanges. Shares received for transfer in physical mode are processed & valid transfers are approved within prescribed time limit.

Pursuant to Regulation 40(9) of the Listing Regulations, certificates have been filed with Stock Exchanges on compliance with share transfer formalities by the Company. In terms of the guidelines issued by SEBI, the Reconciliation of Share Capital Audit Reports has been filed with Stock Exchanges, inter-alia, giving details about the reconciliation of Share Capital (physical and Demat).

### DISTRIBUTION OF SHAREHOLDING OF THE COMPANY AS ON MARCH 31, 2023

| Shareholding of Nominal Value of Rs |           | No. of Shareholders | % to total no. of shareholders | No. of Shares held | % to Total |
|-------------------------------------|-----------|---------------------|--------------------------------|--------------------|------------|
| Upto                                | 5000      | 78119               | 94.48                          | 13416814           | 4.46       |
| 5001                                | 10000     | 1898                | 2.30                           | 2920084            | 0.97       |
| 10001                               | 20000     | 1057                | 1.28                           | 3060693            | 1.02       |
| 20001                               | 30000     | 568                 | 0.69                           | 2873276            | 0.96       |
| 30001                               | 40000     | 211                 | 0.26                           | 1510963            | 0.50       |
| 40001                               | 100000    | 494                 | 0.60                           | 6139685            | 2.04       |
| 100001                              | And above | 337                 | 0.41                           | 270579868          | 90.04      |
| Total                               |           | 82684               | 100.00                         | 300501383          | 100.00     |

### SHAREHOLDING PATTERN AS ON MARCH 31, 2023

| Sr. No. | Category  | No. of shares | % of total no. of shares |
|---------|---|---------------|--------------------------|
| 1       | Promoters   | 225220861     | 74.95                    |
| 2       | Mutual Funds/ Banks/ Financial Institutions         | 53175         | 0.02                     |
| 3       | Bodies Corporate                                    | 6619279       | 2.21                     |
| 4       | Public  | 50201454      | 16.71                    |
| 5       | NRIs  | 2854466       | 0.95                     |
| 6       | Others (FPIs, Trusts, IEPF, HUF, Foreign Nationals) | 15552148      | 5.16                     |
|         | Total   | 300501383     | 100%                     |

### DEMATERIALISATION OF SHARES AND LIQUIDITY

95.95% of the total Share Capital is held in Demat form with NSDL & CDSL as on March 31, 2023.

### OUTSTANDING GDRS/ ADRS/ WARRANTS/ ANY CONVERTIBLE INSTRUMENTS, CONVERSION DATE & LIKELY IMPACT ON EQUITY

The Company has not issued any GDRs/ADRs/ Warrants or any convertible instruments during the period under review.

### CORPORATE FILING AND DISSEMINATION SYSTEM

The financial and other information filed by the Company with BSE (through BSE Listing Centre) and NSE (through NEAPS), from time to time is available on the website: [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com).

### UNCLAIMED DIVIDEND ON EQUITY SHARES

To facilitate investors who have not claimed dividend for earlier years on Equity Shares from the Company, details of unclaimed dividend is displayed on Ministry of Corporate Affairs website: [www.iepf.gov.in](http://www.iepf.gov.in)

**CORPORATE GOVERNANCE REPORT (cont.)**

Investors are requested to browse the aforesaid website to find the outstanding dividend, if any, and claim the same from the Investor Education and Protection Fund as per the provisions of the Act.

**PLANT LOCATIONS**

The Company has manufacturing facilities in Maharashtra at:

1. MIDC Industrial Area, Ahmednagar - 414111
2. MIDC Industrial Area, Baramati - 413133
3. Jejuri Morgaon Road, Jejuri – 412303
4. Village Kurla, Warora, Chandrapur – 422910 (handed over to buyer on February 27, 2023)

**COMMODITY PRICE RISKS & HEDGING ACTIVITIES**

Commodity Price Risk may arise on account of various factors such as demand / supply position of commodities across the globe, government policies, natural/man-made disasters and political changes. Any change in laws & regulations, whether domestically or internationally could affect the business and financial condition of the Company. In order to manage the Commodity Price Risk, the Company has an adequate risk management system towards identification and evaluation of potential risks which are evaluated and reviewed regularly so as to minimize/ eliminate the adverse impact if any.

The Company's Foreign Exchange Risk is managed both through a natural hedge and by taking forward cover under the board approved risk management policy framework. The risk is reviewed periodically and managed in line with the objectives laid in the policy. Details of foreign currency exposures are disclosed in Note No. 3.22(d)(ii) forming part of the Standalone Financial Statements.

**ADDRESS FOR CORRESPONDENCE**

ISMT Limited, Panama House, Viman Nagar, Pune – 411014

**CREDIT RATINGS**

ICRA Limited vide letter dated July 4, 2022 has assigned the Long-term / Short term rating of 'ICRA A-(stable) / ICRA A2+' for Fund based / Non Fund based facilities for amount upto Rs. 600 Crores.

**SUSPENSE ESCROW DEMAT ACCOUNT**

Persuant to SEBI Circular dated January 25, 2022, the Company has opened a suspense Escrow Demat Account. As on March 31, 2023, there are no shover lying in the said Demat Account.

**DECLARATION REGARDING COMPLIANCE WITH THE CODE OF CONDUCT**

As required by Regulation 17(5)(a) of Listing Regulations, this is to confirm that the Company has adopted a Code of Conduct for all Board Members and Senior Management of the Company. The Code is available on Company's website: [www.ismt.co.in](http://www.ismt.co.in).

As per Regulation 26 of the Listing Regulations, this is to confirm that the Company has received from Senior Management Personnel's of the Company and from the Members of the Board, declarations of compliance with Code of Conduct for FY2022-23.

For the purpose of this declaration, Senior Management Personnel's comprise of employees in the Vice President and above Cadre as on March 31, 2023.

**For ISMT Limited**

Pune  
May 03, 2023

**Nishikant Ektare**  
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)

To,

The Members,

**ISMT Limited**

Panama House, Viman Nagar, Pune – 411 014.

We, have examined the relevant registers, records, forms, returns and disclosures of 'ISMT Limited' (Company) having CIN: L27109PN1999PLC016417 and having registered office at Panama House, Viman Nagar, Pune, 411014, produced before us by the Company for issuing this certificate, in accordance with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications [including Directors Identification Number (DIN) status at the portal [www.mca.gov.in](http://www.mca.gov.in)] as considered necessary and explanations furnished to us by the Company and its officers, we hereby certify that none of the Directors of the Company as stated below, for financial year ended on March 31, 2023, have been debarred or disqualified from being appointed or continuing as Directors of any companies by SEBI, Ministry of

Corporate Affairs or any such other authority:

| Sr. No. | Name of the Director     | DIN      | Date of Appointment |
|---------|--------------------------|----------|---------------------|
| 1       | *Mr. Rajiv Goel          | 00328723 | 29/11/2005          |
| 2       | **Mr. R. Poornalingam    | 00955742 | 28/12/2018          |
| 3       | Mr. Kanakraj Madhavan    | 08373391 | 01/03/2019          |
| 4       | Mr. Rahul Kirloskar      | 00007319 | 10/03/2022          |
| 5       | Mr. Ravindranath Gumaste | 00082829 | 10/03/2022          |
| 6       | Mr. S. Venkataramani     | 00229998 | 10/03/2022          |
| 7       | Mrs. Shalini Sarin       | 06604529 | 10/03/2022          |
| 8       | Mr. Nishikant Ektare     | 02109633 | 10/03/2022          |

\* Ceased to be a Director w.e.f. March 18, 2023

\*\* Ceased to be a Director w.e.f. March 8, 2023

**For VGP & Associates**

*Company Secretaries*

**Vijayendra G. Padaki**

Practicing Company Secretary

M. No.: A-40375 I CP No.: 17832

UDIN: A040375E000168822

Place: Virar

Date: April 22, 2023

**Disclaimer:**

Ensuring eligibility of the appointment/ continuity of Director on the Board is 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.

**COMPLIANCE CERTIFICATE ON CORPORATE GOVERNANCE**

[Under Regulation 34(3) and Schedule V (E) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

The Members of **ISMT Limited**

We have examined the compliance of conditions of Corporate Governance by ISMT Limited (The Company), for the year ended 31st March, 2023, as stipulated in Regulation 34 (3) read with Schedule V of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to a review of 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 the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the Corporate Governance Report provided to us, we certify that the Company has complied with the conditions of corporate governance as stipulated in the SEBI (Listing Obligations and Disclosure Requirements)

Regulations, 2015. 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**

This Certificate is addressed & provided to Members of the Company solely for purpose of enabling the Company to comply with its obligations under Listing Regulations with reference to Corporate Governance & should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care or for any other purpose or to any other party to whom it is shown or into whose hands it may come without our prior consent in writing. We have no responsibility to update this Certificate for events & circumstances occurring after date of this Certificate.

**For S D Kolhe and Company**

**CS Satish D Kolhe**

Proprietor

ACS: 61229 CP: 23879

UDIN: A061229E000228176

Place:- Pune

Date: May 3, 2023



**Business Responsibility and Sustainability Report****SECTION A: GENERAL DISCLOSURES****I. Details of the listed entity**

|    |   |   |
|----|---|---|
| 1  | Corporate Identity Number (CIN) of the Company                      | L27109PN1999PLC016417   |
| 2  | Name of the Company   | ISMT Limited  |
| 3  | Year of Incorporation   | 01 September, 1999  |
| 4  | Registered office address   | Panama House (Earlier known as Lunkad Towers),<br>Vimannagar, Pune - 411014<br>Maharashtra - India  |
| 5  | Corporate office address  | Panama House (Earlier known as Lunkad Towers), Viman<br>Nagar, Pune - 411014<br>Maharashtra - India   |
| 6  | E-mail  | <a href="mailto:secretarial@ismt.co.in">secretarial@ismt.co.in</a>  |
| 7  | Telephone   | +91 020 41434100  |
| 8  | Website   | <a href="http://www.ismt.co.in">www.ismt.co.in</a>  |
| 9  | Financial year for which reporting is being done                    | 2022-23   |
| 10 | Stock Exchange(s) where shares are listed                           | National Stock Exchange of India Limited & BSE Limited  |
| 11 | Paid-up Capital   | Rs. 150.25 Crore  |
| 12 | Details (telephone, email address) of the person for BRSR Reporting | Mr. Chetan Nathani, Company Secretary,<br>Address- Panama House, Viman Nagar, Pune - 411014<br>Tel: +91 020 41434100 e-mail: <a href="mailto:secretarial@ismt.co.in">secretarial@ismt.co.in</a> |
| 13 | Reporting boundary  | Standalone basis  |

**II. Products/Services****14. Details of business activities (accounting for 90% of the turnover):**

| S. No. | Description of Main Activity       | Description of Business Activity                                    | % Of Turnover of the entity |
|--------|------------------------------------|---|-----------------------------|
| 1      | Production of Seamless Steel tubes | Sale of Seamless tubes  | 71%                         |
| 2      | Manufacture of Steel               | Use of Steel for manufacture of Seamless tubes & Sale of steel bars | 29%                         |

**15. Products/Services sold by the entity (accounting for 90% of the turnover):**

| S. No. | Product/Services | NIC Code | % Of total turnover contributed |
|--------|------------------|----------|---------------------------------|
| 1      | Seamless Tubes   | 241      | 71%                             |
| 2      | Steel            | 242      | 29%                             |

**III. Operations****16. Number of locations where plants and/or operations/offices of the entity are situated:**

| S. No. | Location      | Number of plants | Number of offices | Total |
|--------|---------------|------------------|-------------------|-------|
| 1.     | National      | 5                | 1                 | 6     |
| 2.     | International | -                | -                 | -     |

**17. Markets served by the entity****a. Number of locations**

| S. No. | Number of Locations served          | Number |
|--------|-------------------------------------|--------|
| 1.     | National (Number of states)         | 22     |
| 2.     | International (Number of countries) | 11     |

**b. What is the contribution of exports as a percentage of the total turnover of the entity?**

11.5%

**c. A brief on types of customers**

We, at ISMT, aim to deliver the best product experience to our customers. Our commitment is to provide high quality products which are also cost effective. We cater to customers in the following segments:

- Automobile and Bearing
- General engineering
- OCTG and Projects
- Construction, Power
- Trade and Others

**IV. Employees**

**18. Details as at the end of Financial Year:**

**a. Employees and workers (including differently abled):**

| S. No. | Particulars              | Total | Male    |         | Female  |         |
|--------|--------------------------|-------|---------|---------|---------|---------|
|        |                          | (A)   | No. (B) | % (B/A) | No. (C) | % (C/A) |
|        | Employees                |       |         |         |         |         |
| 1.     | Permanent (D)            | 1856  | 1840    | 99.14   | 16      | 0.86    |
| 2.     | Other than permanent (E) | 52    | 49      | 94.23   | 3       | 5.77    |
| 3.     | Total employees (D+E)    | 1908  | 1889    | 99.00   | 19      | 1.00    |
|        | Workers                  |       |         |         |         |         |
| 4.     | Permanent (F)            | 22    | 22      | 100     | 0       | 0       |
| 5.     | Other than permanent (G) | 1365  | 1365    | 100     | 0       | 0       |
| 6.     | Total workers (F+G)      | 1387  | 1387    | 100     | 0       | 0       |

**b. Differently abled Employees and workers:**

| S. No. | Particulars                             | Total | Male    |         | Female  |         |
|--------|---|-------|---------|---------|---------|---------|
|        |   | (A)   | No. (B) | % (B/A) | No. (C) | % (C/A) |
|        | Differently abled Employees             |       |         |         |         |         |
| 1.     | Permanent (D)                           | 0     | 0       | 0       | 0       | 0       |
| 2.     | Other than permanent (E)                | 0     | 0       | 0       | 0       | 0       |
| 3.     | Total Differently abled employees (D+E) | 0     | 0       | 0       | 0       | 0       |
|        | Differently abled Workers               |       |         |         |         |         |
| 4.     | Permanent (F)                           | 0     | 0       | 0       | 0       | 0       |
| 5.     | Other than permanent (G)                | 0     | 0       | 0       | 0       | 0       |
| 6.     | Total Differently abled workers (F+G)   | 0     | 0       | 0       | 0       | 0       |

**19. Participation/Inclusion/Representation of women**

|                                 | Total   | No. and percentage of Females |         |
|---------------------------------|---------|-------------------------------|---------|
|                                 | No. (A) | No. (B)                       | % (B/A) |
| <b>Board of Directors</b>       | 6       | 1                             | 16.67   |
| <b>Key Management Personnel</b> | 3       | 0                             | 0       |

**20. Turnover rate for permanent employees and workers**

| Category                   | FY 2022-23 |            |           | FY 2021-22 |            |           | FY 2020-21 |            |           |
|----------------------------|------------|------------|-----------|------------|------------|-----------|------------|------------|-----------|
|                            | Male (%)   | Female (%) | Total (%) | Male (%)   | Female (%) | Total (%) | Male (%)   | Female (%) | Total (%) |
| <b>Permanent employees</b> | 5.0        | 2.7        | 7.7       | 10.0       | 0.1        | 10.1      | 12.0       | 0.4        | 12.4      |
| <b>Permanent workers*</b>  | 0.39       | 0          | 0.39      | 0.37       | 0          | 0.37      | 0.33       | 0          | 0.33      |

\*Permanent Worker: Retirement of unionized workers

**V. Holding, Subsidiary and Associate Companies (including Joint ventures)**
**21. Names of holding / subsidiary / associate companies / joint ventures**

| S. No. | Name of the holding / subsidiary / associate companies / joint ventures | Is it a holding/ Subsidiary/ Associate/ Joint Venture | % Of shares held by listed entity | Does the entity participate in the Business Responsibility initiatives of the listed entity? (Yes/No) |
|--------|---|---|-----------------------------------|---|
| 1      | Kirloskar Industries Limited  | Holding   | None                              | Yes   |
| 2      | Kirloskar Ferrous Industries Limited                                    | Holding   | None                              | Yes   |
| 3      | Tridem Port and Power Company Pvt Ltd                                   | Subsidiary  | 100                               | Yes   |
| 4      | Nagapattinam Energy Pvt Limited   | Subsidiary  | 100                               | Yes   |
| 5      | Best Exim Pvt Ltd   | Subsidiary  | 100                               | Yes   |
| 6      | Success Power and Infraprojects Pvt Ltd                                 | Subsidiary  | 100                               | Yes   |
| 7      | Marshal Microware Infrastructure Development Company Pvt Ltd            | Subsidiary  | 100                               | Yes   |
| 8      | ISMT Enterprises SA, Luxembourg   | Subsidiary  | 99.62                             | Yes   |
| 9      | Structo Hydraulics AB, Sweden   | Subsidiary  | 99.98                             | Yes   |
| 10     | ISMT Europe AB, Sweden  | Subsidiary  | 99.98                             | Yes   |
| 11     | Indian Seamless Inc., USA   | Subsidiary  | 100                               | Yes   |
| 12     | PT ISMT Resources, Indonesia  | Subsidiary  | 100                               | Yes   |

**VI. CSR details**
**22. I. Whether CSR is applicable as per section 135 of Companies Act, 2013 (Yes/No): Yes**
**II. If yes, Turnover – INR 2,561.30 Crore**
**III. Net worth – INR 1,323.30 Crore**
**VII. Transparency and Disclosures Compliances'**
**23. Complaints/Grievances on any of the principles (principles 1 to 9) under the National Guidelines on Responsible Business Conduct (NGBRC):**

| Stakeholder group from whom complaint is received | Grievance Redressal Mechanism in Place (Yes/No)<br>(If yes, then provide web-link for grievance redress policy) | FY 2022-23                              |   |                        | FY 2021-22                              |   |                        |
|---|---|---|---|------------------------|---|---|------------------------|
|   |   | No. of complaints filed during the year | No. of complaints pending resolution at close of the year | Remarks                | No. of complaints filed during the year | No. of complaints pending resolution at close of the year | Remarks                |
| <b>Communities</b>                                | https://www.ismt.co.in/documents/1387050/d7e39fd5-019f-6d65-aa98-c3c8ce861c48                                   | Nil                                     | Nil   | No complaints received | Nil                                     | Nil   | No complaints received |
| <b>Investors</b>                                  |   | Nil                                     | Nil   | No complaints received | Nil                                     | Nil   | No complaints received |
| <b>Shareholders</b>                               |   | 55                                      | 6*  | Pending for resolution | 10                                      | 0   | -                      |
| <b>Employees and workers</b>                      |   | Nil                                     | Nil   | No complaints received | Nil                                     | Nil   | No complaints received |
| <b>Customers</b>                                  |   | Nil                                     | Nil   | No complaints received | Nil                                     | Nil   | No complaints received |
| <b>Value Chain Partners</b>                       |   | Nil                                     | Nil   | No complaints received | Nil                                     | Nil   | No complaints received |
| <b>Other (please specify)</b>                     |   | Nil                                     | Nil   | No complaints received | Nil                                     | Nil   | No complaints received |

\*Of the 6 complaints pending, 5 were closed subsequently and 1 is in the process of closure and shall be resolved in due course.

**24. Overview of the entity's material responsible business conduct issues**

| S. No. | Material issue identified  | Is it risk or opportunity (R/O) | Rationale for identifying the risk / opportunity   | In case of risk, approach to adapt or mitigate  | Financial implications of the risk or opportunity (Indicate positive or negative implications)           |
|--------|--|---------------------------------|--|---|--|
| 1      | Employee Health and Well-being   | Risk                            | ISMT seeks to prevent serious safety incidents arising in its plants on account of moving machinery and on-site traffic. To promote the safety of employees, contractors, and visitors by preventing personal injuries at the workplace, ISMT focuses on primary prevention of exposure to hazards. ISMT's commitment from the top management is shared by all levels of management to achieve an accident-free workplace. | ISMT has in place a strong safety management system that covers employees, contractors, road transport, equipment safety and emergency response. Regular audit and review of the safety measures to be undertaken. Periodic safety trainings are conducted for employees, contractors, and other relevant stakeholders. | Negative implications- Safety threat/risks to employees will affect the Company operations.              |
| 2      | Talent management  | Opportunity                     | ISMT is committed to develop requisite organizational climate and management style to promote cooperation and trust among all employees in the plant. This enables ISMT to identify and retain productive workforce at all levels of its organization  | NA  | Positive Implications- a good mix of talent and appropriate talent management will add to ISMT's growth. |
| 3      | Climate action (energy management, product stewardship, climate change, GHG & other air emissions, biodiversity) | Risk                            | ISMT is aware that steel & Tube being an energy intensive industry, there is high level of CO2 emissions. Non-compliance to environment legislations/laws lead to penalties, stoppage of operations, added business costs and reputational loss. Additionally, climate change related regulations and extreme weather events disrupt operations and supply chain   | ISMT invests in upgradation of existing technologies to minimize its carbon footprint. ISMT also closely monitors air quality, water discharge methods and other environmental parameters   | Negative implications- Climate-related risks affect the sustainability of ISMT's operations.             |

| S. No. | Material issue identified                    | Is it risk or opportunity (R/O) | Rationale for identifying the risk / opportunity  | In case of risk, approach to adapt or mitigate   | Financial implications of the risk or opportunity (Indicate positive or negative implications)  |
|--------|--|---------------------------------|---|--|---|
| 4      | Circular economy (Waste & water management)  | Opportunity                     | As part of ISMT's circularity strategy, alternative business models such as recycling business could be potentially explored. Such innovative models enable us to leverage the increase in scrap in India which adds a competitive advantage over our peers.<br>Further, ISMT realizes the importance of circularity for addressing water scarcity issues and drive sustainable conservation measures to reduce water consumption in plants | NA   | Positive implications- conservation of essential resources through circular economy can enable cost savings and open new ventures for our business. |
| 5      | Human rights (Labor practices, human rights) | Risk                            | Human rights are an integral part of Sustainable Development which governs the Company's approach towards employees, contractors, suppliers, and communities. ISMT focuses on ensuring fair and transparent remediation framework for human rights.   | The Company has formulated Code of Conduct which condemns human rights violations across its business operations including during sourcing/procurement. ISMT has in place Human Rights policy which applies to its employees & other stakeholders across its value chain | Negative implications- Any violation against human rights can negatively affect the reputation of the Company.                                      |
| 6      | Business ethics                              | Risk                            | ISMT seeks to integrate as well as internalize core business values such as 'integrity', 'understanding', 'excellence', 'unity' and 'responsibility' to ensure strict adherence to business ethics.   | ISMT has policies in place Anti-corruption and Bribery. ISMT provides Code of Conduct training for all its employees   | Negative consequences- Unethical decisions can negatively affect the reputation of the Company.   |
| 7      | Sustainable innovation                       | Opportunity                     | ISMT seeks to facilitate the opportunity for implementing better solutions to meet the new requirements /guidelines/laws. This includes leveraging new technological advancements for upgradation and addressing existing or new market needs. ISMT seeks to focus on building relationships with customers to invest in long-term business opportunities including developing new products   | NA   | Positive consequences- Innovation and investments in R&D will have a positive impact on the Company's position against peers.                       |

| S. No. | Material issue identified | Is it risk or opportunity (R/O) | Rationale for identifying the risk / opportunity   | In case of risk, approach to adapt or mitigate  | Financial implications of the risk or opportunity (Indicate positive or negative implications)              |
|--------|---------------------------|---------------------------------|--|---|---|
| 8      | Responsible supply chain  | Risk and Opportunity            | There is an increasing need and demand for public disclosure on supplier assessment in terms of the Company's ESG performance<br>Businesses in steel & Tube industry are heavily impacted by the supplier's businesses. ISMT has recognized the need for a sustainable procurement / sourcing strategy to effectively navigate supply chain issues                 | ISMT is committed to ensuring responsible sourcing of minerals. The Supplier / vendor Code of Conduct (COC) may cover EHS and Human Rights parameters. Supply chain partners' sign in the COC as a part of the contract documents is preferable                 | Positive consequences- Continuous supply chain assessments can highlight supply chain risk for the Company. |
| 9      | Community relations       | Opportunity                     | ISMT recognizes the importance of CSR activities focusing on environmental care, education, health care, cultural efflorescence and peripheral development, family welfare, social initiatives enhance which results in value creation for the business. Moreover, resettlement and rehabilitation projects/plans are important in regions surrounding the Plants. | NA  | Positive consequences- Relationship with the communities is important for the good will of the Company.     |
| 10     | Data privacy              | Risk                            | ISMT recognizes that there is always a risk of leakage of confidential data/ information of stakeholders including customers. Such data privacy incidents could impact brand image leading to financial loss for the Company   | Formulation of data privacy policy to maintain privacy and protect personal information of employees, contractors, vendors, associates, and others. Initiation of measures to protect control systems and IoT infrastructure against potential security threats | Negative consequences- Data privacy concerns can affect Company's brand image.                              |

## SECTION B: MANAGEMENT AND PROCESS DISCLOSURES

This section is aimed at helping businesses demonstrate the structures, policies, and processes put in place towards adopting the NGRBC principles and core elements. These are briefly as under:

|           |   |
|-----------|---|
| <b>P1</b> | Businesses should conduct and govern themselves with integrity and in a manner that is ethical, transparent, and accountable        |
| <b>P2</b> | Businesses should provide goods and services in a manner that is sustainable and safe   |
| <b>P3</b> | Businesses should respect and promote the well-being of all employees, including those in their value chains                        |
| <b>P4</b> | Businesses should respect the interests of and be responsive to all its stakeholders  |
| <b>P5</b> | Businesses should respect and promote human rights  |
| <b>P6</b> | Businesses should respect and make efforts to protect and restore the environment   |
| <b>P7</b> | Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent |
| <b>P8</b> | Businesses should promote inclusive growth and equitable development  |
| <b>P9</b> | Businesses should engage with and provide value to their consumers in a responsible manner  |



**Policy and Management processes**

|                                       | Points   | P1  | P2  | P3  | P4  | P5  | P6  | P7  | P8  | P9  |
|---------------------------------------|--|---|-----|-----|-----|-----|-----|-----|-----|-----|
| 1.<br>(a)                             | Whether your entity’s policy/policies cover each principle and its core elements of the NGRBCs. (Yes/No)   | Yes   | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| 1<br>(b)                              | Has the policy been approved by the Board? (Yes/No)  | Yes   | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| 1<br>(c)                              | Web Link of the Policies, if available   | All our policies are available in the link below:<br><a href="https://www.ismt.co.in/investor-relations/corporate-governance-policies">https://www.ismt.co.in/investor-relations/corporate-governance-policies</a>  |     |     |     |     |     |     |     |     |
| 2.                                    | Whether the entity has translated the policy into procedures. (Yes / No)   | Yes   | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| 3                                     | Do the enlisted policies extend to your value chain partners? (Yes/No)   | Yes   | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| 4                                     | Name of the national and international codes/ certifications/labels/ standards (e.g., Forest Stewardship Council, Fairtrade, Rainforest Alliance, Trustee) standards (e.g., SA 8000, OHSAS, ISO, BIS) adopted by your entity and mapped to each principle. | ISO 45001:2018,<br>ISO 14001:2015<br>ISO 9001: 2015<br>ISO 16949:2016   |     |     |     |     |     |     |     |     |
| 5                                     | Specific commitments, goals and targets set by the entity with defined timelines, if any.  | ISMT is in the process of setting specific commitments, goals, targets with defined timelines this year. We will be disclosing the commitments and targets in the following year’s response.  |     |     |     |     |     |     |     |     |
| 6                                     | Performance of the entity against the specific commitments, goals, and targets along-with reasons in case the same are not met.  | As we are in the process of setting targets and commitments, we will be monitoring our performance against the targets in the following year. However, this year, we have ensured 100% worker participation in safety activities, 100% safety performance & compliance and 100% training on EHS policies provided to employees.   |     |     |     |     |     |     |     |     |
| Governance, leadership, and oversight |  |   |     |     |     |     |     |     |     |     |
| 7                                     | Statement by director responsible for the business responsibility report, highlighting ESG related challenges, targets, and achievements (listed entity has flexibility regarding the placement of this disclosure)  | We at ISMT are committed to ensuring integration of Environmental, Social and Governance aspects into the day-to-day operations of our business. The increasing focus on sustainability in the recent years has brought in new trends and practices in steel & tube industry. The shaping of these new trends has prompted producers to be mindful of their organization’s carbon footprint. ISMT seeks to reduce its CO2 emissions by structuring logistics in a smarter and efficient way. ISMT is also mindful of other relevant environmental challenges including solid waste management, emissions control, and process monitoring by implementing sustainable solutions. We will also set targets to cut down emissions, manage resources efficiently, and ensure energy efficiency in all our operations and processes. Going forward, we aim to improve our existing practices through changes in processes, improvement in data collection regarding ESG and conducting regular audits to incorporate certifications. |     |     |     |     |     |     |     |     |
| 8                                     | Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy(ies).  | Managing Director (MD)  |     |     |     |     |     |     |     |     |
| 9                                     | Does the entity have a specified Committee of the Board/ Director responsible for decision making on sustainability related issues? (Yes / No). If yes, provide details.   | <ul style="list-style-type: none"><li>ISMT has an ESG Committee duly constituted by the Board to resolve sustainability issues.</li><li>ESG Committee constituted on November 4, 2022, consisting of 4 members viz. Independent Director as a Chairperson, Managing Director, Chief Financial Officer and the Company Secretary.</li></ul>  |     |     |     |     |     |     |     |     |

| 10 | Details of Review of NGRBCs by the Company   |  |    |    |    |    |    |    |    |    |
|----|--|--|----|----|----|----|----|----|----|----|
|    | Subject for Review   | a. Indicate whether review was undertaken by Director/ Committee of the Board/ Any other Committee |    |    |    |    |    |    |    |    |
|    |  | P1   | P2 | P3 | P4 | P5 | P6 | P7 | P8 | P9 |
| 1  | Performance against above policies and follow up action  | Yes  |    |    |    |    |    |    |    |    |
| 2  | Compliance with statutory requirements of relevance to the principles, and rectification of any non-compliance   | Yes  |    |    |    |    |    |    |    |    |
|    | Subject for Review   | a. Frequency (Annually/ Half yearly/ Quarterly/ Any other – please specify)                        |    |    |    |    |    |    |    |    |
|    |  | P1   | P2 | P3 | P4 | P5 | P6 | P7 | P8 | P9 |
| 1  | Performance against above policies and follow up action  | Annually   |    |    |    |    |    |    |    |    |
| 2  | Compliance with statutory requirements of relevance to the principles, and the rectification of any non-compliance   | Annually   |    |    |    |    |    |    |    |    |
| 11 | Has the entity carried out independent assessment/ evaluation of the working of its policies by an external agency? (Yes/ No). If yes, provide name of the agency. | P1   | P2 | P3 | P4 | P5 | P6 | P7 | P8 | P9 |
|    |  | No   |    |    |    |    |    |    |    |    |

12. If answer to question (1) above is “No” i.e., not all Principles are covered by a policy, reasons to be stated:

|   | Questions   | P1 | P2 | P3 | P4 | P5 | P6 | P7 | P8 | P9 |
|---|---|----|----|----|----|----|----|----|----|----|
| 1 | The entity does not consider the principles material to its business (Yes/No)   | NA | NA | NA | NA | NA | NA | NA | NA | NA |
| 2 | The entity is not at a stage where it is in a position to formulate and implement the policies on specified principles (Yes/No) | NA | NA | NA | NA | NA | NA | NA | NA | NA |
| 3 | The entity does not have the financial or/human and technical resources available for the task (Yes/No)                         | NA | NA | NA | NA | NA | NA | NA | NA | NA |
| 4 | It is planned to be done in the next financial year (Yes/No)  | NA | NA | NA | NA | NA | NA | NA | NA | NA |
| 5 | Any other reason (please specify)   | NA | NA | NA | NA | NA | NA | NA | NA | NA |

### SECTION C: PRINCIPLE-WISE PERFORMANCE DISCLOSURE

**Principle 1: Business should conduct and govern themselves with integrity, and in a manner that is Ethical, Transparent and Accountable.**

#### ESSENTIAL INDICATORS

##### 1. Percentage coverage by training and awareness programme on any of the principles during the financial year

| S. No. | Segment                           | Total number of training & awareness programme held | Topics / principles covered under the training                  | % Of persons in respective category covered by the awareness programme |
|--------|-----------------------------------|---|---|--|
| 1      | Board of Directors                | 02  | ESG Briefings   | 100%   |
| 2      | Key Managerial Personnel          | 02  | ESG Requirements &, EHS Compliance Awareness                    | 100%   |
| 3      | Employees other than BOD and KMPs | 04  | ESG Requirements, EHS Compliance & awareness, Electrical Safety | 100%   |
| 4      | Workers                           | 04  | EHS Awareness, First-Aid, Fire Safety, Electrical Safety        | 100%   |

2. Details of fines / penalties / punishment / award / compounding fees / settlement amount paid in proceedings (by the entity or by its directors / KMPs) with regulators/ law enforcement agencies/ judicial institutions in FY 2023

| Monetary        |                 |   |                 |                   |   |
|-----------------|-----------------|---|-----------------|-------------------|---|
|                 | NGRBC Principle | Name of the regulatory/ enforcement agencies/ Judicial institutions | Amount (In INR) | Brief of the Case | Has an appeal been preferred? (Yes/ No) |
| Penalty/Fine    |                 |   | Nil             |                   |   |
| Settlement      |                 |   | Nil             |                   |   |
| Compounding fee |                 |   | Nil             |                   |   |
| Non - Monetary  |                 |   |                 |                   |   |
|                 | NGRBC Principle | Name of the regulatory/ enforcement agencies/ Judicial institutions | Amount (In INR) | Brief of the Case | Has an appeal been preferred? (Yes/ No) |
| Imprisonment    |                 |   | Nil             |                   |   |
| Punishment      |                 |   | Nil             |                   |   |

3. Of the instances disclosed in Question 2 above, details of the Appeal / Revision preferred in cases where monetary or non-monetary action has been appealed

| Case Details | Name of the regulatory/ enforcement agencies/ judicial institutions |
|--------------|---|
| NA           | NA  |
| NA           | NA  |

4. Does the entity have an anti-corruption policy or anti-bribery policy? If yes, provide details in brief and if available, provide a web-link to the policy.

Yes, the procedure of anti-corruption has been covered under the Code of Conduct and Whistle Blower Policy of the organization. The web-link to the policies is provided below:

<https://www.ismt.co.in/documents/1387050/295b3687-1708-f422-1378-b9c5f4c6a19c>

<https://www.ismt.co.in/investor-relations/corporate-governance-policies>

5. No of Directors/KMPs/Employees against whom disciplinary action was taken by any law enforcement agency for the charges of bribery / corruption / corruption

|   | Segment                  | FY 2022-23 | FY 2021-22 |
|---|--------------------------|------------|------------|
| 1 | Directors                | Nil        | Nil        |
| 2 | Key Managerial Personnel | Nil        | Nil        |
| 3 | Employee                 | Nil        | Nil        |
| 4 | Workers                  | Nil        | Nil        |

6. Details of complaints with regard to conflict of interest

|   | Segment  | FY 2022-23 |                        | FY 2021-22 |                        |
|---|--|------------|------------------------|------------|------------------------|
|   |  | Number     | Remarks                | Number     | Remarks                |
| 1 | Number of complaints received in relation to issues of Conflict of Interest of the Directors | Nil        | No complaints received | Nil        | No complaints received |
| 2 | Number of complaints received in relation to issues of Conflict of Interest of the KMPs      | Nil        | No complaints received | Nil        | No complaints received |

7. Provide details of any corrective action taken or underway on issues related to fines / penalties / action taken by regulators / law enforcement agencies / judicial institutions, on cases of corruption and conflicts of interest.

Not Applicable

**LEADERSHIP INDICATORS**

1. Awareness programmes conducted for value chain partners on any of the principles during the financial year:

| Total number of awareness programme held | Topics / principles covered under the training | % of value chain partners covered (by value of business done with such partners) under the awareness programme |
|--|--|--|
| Nil                                      |  |  |

2. Does the entity have processes in place to avoid/ manage conflict of interests involving members of the Board? (Yes/No) If yes, provide details of the same.

Yes. The Code of Conduct guides the Directors and Senior Managers to act prudently in good faith to protect the interests of the Company and uphold the Company's interests over personal interests in case of conflicts.

**Principle 2: Businesses should provide goods and services in a manner that is sustainable and safe****ESSENTIAL INDICATORS**

1. Percentage of R&D and capital expenditure (capex) investments in specific technologies to improve the environmental and social impacts of product and processes to total R&D and capex investments made by the entity, respectively.

| S. No. | Segment | FY 2023 | FY 2022 | Details of improvements in environmental and social impacts                               |
|--------|---------|---------|---------|---|
| 1      | R&D     | Nil     | Nil     | R&D facility not Applicable   |
| 2      | Capex   | 0.75 %  | Nil     | Installation of Online Continuous Monitoring System (OCMS) & Oil skimmers at Nagar Plant. |

2. a. Does the entity have procedures in place for sustainable sourcing? (Yes/No)

Yes, we screen and select our suppliers based on ISO 9001, 14001 and 45001 certifications.

- b. If yes, what percentage of inputs were sourced sustainably?

38%

3. Describe the processes in place to safely reclaim your products for reusing, recycling and disposing at the end of life, for Plastics (including packaging), E-waste, Hazardous waste and Other waste

The Company has systems in place to recycle plastic waste and hazardous waste in a safe manner. The Company contracts with authorized recyclers for safe disposal of waste. We are in the process of adopting appropriate measures for the safe disposal of e-waste.

4. Whether Extended Producer Responsibility (EPR) is applicable to the entity's activities (Yes / No). If yes, whether the waste collection plan is in line with the Extended Producer Responsibility (EPR) plan submitted to Pollution Control Boards? If not, provide steps taken to address the same

No

**LEADERSHIP INDICATORS**

1. Has the entity conducted Life Cycle Perspective / Assessments (LCA) for any of its products (for manufacturing industry) or for its services (for service industry)? If yes, provide details in the following format?

| NIC Code | Name of Product/ Service | % Of total Turnover contributed | Boundary for which the Life Cycle Perspective/ Assessment was conducted | Whether conducted by independent external agency (Yes/No) | Results communicated in public domain (Yes/No) If yes, provide the web-link. |
|----------|--------------------------|---------------------------------|---|---|--|
| NA       |                          |                                 |   |   |  |

2. If there are any significant social or environmental concerns and/or risks arising from production or disposal of your products / services, as identified in the Life Cycle Perspective / Assessments (LCA) or through any other means, briefly describe the same along-with action taken to mitigate the same.

| Name of Product/Service | Description of the risk / concern Action Taken | Description of the risk / concern Action Taken |
|-------------------------|--|--|
| NA                      |  |  |

3. Percentage of recycled or reused input material to total material (by value) used in production (for manufacturing industry) or providing services (for service industry).

| Indicate input material | Recycled or re-used input material to total material |            |
|-------------------------|--|------------|
|                         | FY 2022-23   | FY 2021-22 |
| Raw Material            | 15%  | 14%        |

4. Of the products and packaging reclaimed at end of life of products, amount (in metric tonnes) reused, recycled, and safely disposed, as per the following format.

|                                | FY 2022-23 |          |                 | FY 2021-22 |          |                 |
|--------------------------------|------------|----------|-----------------|------------|----------|-----------------|
|                                | Re-Used    | Recycled | Safely Disposed | Re-Used    | Recycled | Safely Disposed |
| Plastics (including packaging) | NA         | NA       | NA              | NA         | NA       | NA              |
| E-waste                        | NA         | NA       | NA              | NA         | NA       | NA              |
| Hazardous waste                | NA         | NA       | NA              | NA         | NA       | NA              |
| Other Waste                    | NA         | NA       | NA              | NA         | NA       | NA              |

5. Reclaimed products and their packaging materials (as percentage of products sold) for each product category

| Indicate product category | Reclaimed products and their packaging materials as % of total products sold in respective category |
|---------------------------|---|
| NA                        | NA  |

**Principle 3: Businesses should respect and promote the well-being of all employees, including those in their value chains**

#### ESSENTIAL INDICATORS

1. a. Details of measures for the well-being of employees:

| Category                       | % Of employees covered by |                  |            |                    |            |                    |            |                    |            |                     |            |
|--------------------------------|---------------------------|------------------|------------|--------------------|------------|--------------------|------------|--------------------|------------|---------------------|------------|
|                                | Total<br>(A)              | Health Insurance |            | Accident Insurance |            | Maternity Benefits |            | Paternity Benefits |            | Day Care facilities |            |
|                                |                           | Number<br>(B)    | %<br>(B/A) | Number<br>(C)      | %<br>(C/A) | Number<br>(D)      | %<br>(D/A) | Number<br>(E)      | %<br>(E/A) | Number<br>(F)       | %<br>(F/A) |
| Permanent Employees            |                           |                  |            |                    |            |                    |            |                    |            |                     |            |
| Male                           | 1840                      | 1840             | 100        | 1840               | 100        | 0                  | 0          | NA                 | -          | NA                  | -          |
| Female                         | 16                        | 16               | 100        | 16                 | 100        | 16*                | 100        | NA                 | -          | NA                  | -          |
| Total                          | 1856                      | 1856             | 100        | 1856               | 100        | 16*                | 100        | NA                 | -          | NA                  | -          |
| Other than Permanent Employees |                           |                  |            |                    |            |                    |            |                    |            |                     |            |
| Male                           | 49                        | 49               | 100        | 49                 | 100        | NA                 | NA         | NA                 | NA         | NA                  | NA         |
| Female                         | 3                         | 3                | 100        | 3                  | 100        | 3*                 | 100        | NA                 | NA         | NA                  | NA         |
| Total                          | 52                        | 52               | 100        | 52                 | 100        | 3*                 | 100        | NA                 | NA         | NA                  | NA         |

\*Maternity Benefits are covered under Mediclaim Policy of Health Insurance.

- b. Details of measures for the well-being of workers:

| Category          | % Of workers covered by |                  |            |                    |            |                    |            |                    |            |                     |            |
|-------------------|-------------------------|------------------|------------|--------------------|------------|--------------------|------------|--------------------|------------|---------------------|------------|
|                   | Total<br>(A)            | Health Insurance |            | Accident Insurance |            | Maternity Benefits |            | Paternity Benefits |            | Day Care facilities |            |
|                   |                         | Number<br>(B)    | %<br>(B/A) | Number<br>(C)      | %<br>(C/A) | Number<br>(D)      | %<br>(D/A) | Number<br>(E)      | %<br>(E/A) | Number<br>(F)       | %<br>(F/A) |
| Permanent Workers |                         |                  |            |                    |            |                    |            |                    |            |                     |            |
| Male              | 22                      | 22               | 22         | 22                 | 100        | NA                 | NA         | NA                 | NA         | NA                  | NA         |
| Female            | 0                       | 0                | 0          | 0                  | 0          | 0                  | NA         | NA                 | NA         | NA                  | NA         |
| Total             | 22                      | 0                | 0          | 22                 | 100        | NA                 | NA         | NA                 | NA         | NA                  | NA         |

| Category                     | % Of workers covered by  |                  |            |                    |            |                    |            |                    |            |                     |            |
|------------------------------|--|------------------|------------|--------------------|------------|--------------------|------------|--------------------|------------|---------------------|------------|
|                              | Total<br>(A)   | Health Insurance |            | Accident Insurance |            | Maternity Benefits |            | Paternity Benefits |            | Day Care facilities |            |
|                              |  | Number<br>(B)    | %<br>(B/A) | Number<br>(C)      | %<br>(C/A) | Number<br>(D)      | %<br>(D/A) | Number<br>(E)      | %<br>(E/A) | Number<br>(F)       | %<br>(F/A) |
| Other than permanent workers |  |                  |            |                    |            |                    |            |                    |            |                     |            |
| Male                         | Other than permanent workers are not covered under these benefits. |                  |            |                    |            |                    |            |                    |            |                     |            |
| Female                       |  |                  |            |                    |            |                    |            |                    |            |                     |            |
| Total                        |  |                  |            |                    |            |                    |            |                    |            |                     |            |

c. **Details of retirement benefits for Current and Previous FY**

|   | Benefits       | FY 2022-23   |  |  | FY 2021-22   |  |  |
|---|----------------|--|--|--|--|--|--|
|   |                | No. of employees covered as a % of total employees | No. of workers covered as a % of total workers | Deducted and deposited with the authority (Y/N/N.A.) | No. of employees covered as a % of total employees | No. of workers covered as a % of total workers | Deducted and deposited with the authority (Y/N/N.A.) |
| 1 | PF             | 100  | 100  | Yes  | 100  | 100  | Yes  |
| 2 | Gratuity       | 100  | 100  | Yes  | 100  | 100  | Yes  |
| 3 | ESI**          | 0  | 100  | Yes  | 0  | 100  | Yes  |
| 4 | Superannuation | 100  | Nil  | Yes  | 100  | Nil  | Yes  |

\*\* ESI of Workers Other than permanent i.e., contractual workers are taken care by respective contractors and not by ISMT.

2. **Accessibility of workplaces - Are the premises / offices of the entity accessible to differently abled employees, as per the requirements of the Rights of Persons with Disabilities Act, 2016? If not, whether any steps are being taken by the entity in this regard.**

ISMT has implemented accessibility measures at offices and premises for differently abled employees and visitors at the office and production facilities.

3. **Does the entity have an equal opportunity policy as per the Rights of Persons with Disabilities Act, 2016? If so, provide a web-link to the policy.**

We are in the process of preparing an Equal Opportunity Policy.

4. **Return to work and Retention rates of permanent employees that took parental leave**

| Gender | Permanent Employees     |                    | Permanent Workers       |                    |
|--------|-------------------------|--------------------|-------------------------|--------------------|
|        | Return to work Rate (%) | Retention Rate (%) | Return to work Rate (%) | Retention Rate (%) |
| Male   | Nil                     | Nil                | Nil                     | Nil                |
| Female |                         |                    |                         |                    |
| Total  |                         |                    |                         |                    |

5. **Is there a mechanism available to receive and redress grievances for the following categories of employees? If yes, give details of the mechanism in brief.**

|                                  | Yes/No (If yes, then give details of the mechanism in brief)  |
|----------------------------------|---|
| 1 Permanent workers              | Yes, we have a vigil mechanism in place to address the concerns of the employees and workers. The HR team at the Head Office and Employee Relations Heads at the plant locations address grievances of all employees and workers. The link to the Grievance Redressal Policy: <a href="https://www.ismt.co.in/documents/1387050/d7e39fd5-019f-6d65-aa98-c3c8ce861c48">https://www.ismt.co.in/documents/1387050/d7e39fd5-019f-6d65-aa98-c3c8ce861c48</a> |
| 2 Other than Permanent Workers   |   |
| 3 Permanent Employees            |   |
| 4 Other than Permanent Employees |   |



**6. Membership of employees in association(s) or Unions recognised by the listed entity**

| Category                         | FY 2022-23   |   |           | FY 2021-22   |   |           |
|----------------------------------|--|---|-----------|--|---|-----------|
|                                  | Total employees / workers in respective category (A) | No. of employees/ workers in respective category, who are part of association(s) or Union (B) | % (B / A) | Total employees / Workers in respective category (C) | No. of employees/ workers in respective category, who are part of association(s) or Union (D) | % (D / C) |
| <b>Total Permanent Employees</b> | 1856   | 960   | 51.72     | 1839   | 967   | 52.58     |
| <b>Male</b>                      | 1840   | 960   | 52.17     | 1822   | 967   | 53.07     |
| <b>Female</b>                    | 16   | 0   | 0         | 17   | 0   | 0         |
| <b>Total Permanent Workers</b>   | 22   | 22  | 100       | 22   | 22  | 100       |
| <b>Male</b>                      | 22   | 22  | 100       | 22   | 22  | 100       |
| <b>Female</b>                    | 0  | 0   | 0         | 0  | 0   | 0         |

**7. Details of training given to employees**

| Category  | FY 2022-23 |                               |         |                      |         | FY 2021-22 |                               |         |                      |         |
|---|------------|-------------------------------|---------|----------------------|---------|------------|-------------------------------|---------|----------------------|---------|
|   | Total (A)  | On Health and safety measures |         | On Skill upgradation |         | Total (D)  | On Health and safety measures |         | On Skill upgradation |         |
|   |            | No (B)                        | % (B/A) | No (C)               | % (C/A) |            | No (E)                        | % (E/D) | No (F)               | % (F/D) |
| <b>Employees</b>  |            |                               |         |                      |         |            |                               |         |                      |         |
| Male  | 1889       | 1700*                         | 89.99   | 554                  | 29.85   | 1870       | 1698*                         | 90.80   | 460                  | 24.9    |
| Female  | 19**       | 19                            | 100     | 0                    | 0       | 17**       | 17                            | 100     | 0                    | 0       |
| Total   | 1908       | 1719                          | 90.23   | 554                  | 29.04   | 1887       | 1715                          | 90.88   | 460                  | 26.8    |
| * Few employees joined post training, some of have staggering w/off or leave.                 |            |                               |         |                      |         |            |                               |         |                      |         |
| **Training on Health & Safety given to employees that include all female workers (19 numbers) |            |                               |         |                      |         |            |                               |         |                      |         |
| <b>Workers</b>  |            |                               |         |                      |         |            |                               |         |                      |         |
| Male  | 22         | 22                            | 100     | 0                    | 0       | 22         | 22                            | 100     | 0                    | 0       |
| Female  | 0          | 0                             | 0       | 0                    | 0       | 0          | 0                             | 100     | 0                    | 0       |
| Total   | 22         | 22                            | 100     | 0                    | 0       | 22         | 22                            | 100     | 0                    | 0       |

Training on Health and Safety are provided during the safety week at plants. The MD addressed all employees and workers during National Safety Day on 4th March 2023. Training on skill upgradation include job-specific trainings.

**8. Details of performance and career development reviews of employees and workers:**

| Category         | FY 2022-23 |        |         | FY 2021-22 |        |         |
|------------------|------------|--------|---------|------------|--------|---------|
|                  | Total (A)  | No (B) | % (B/A) | Total (C)  | No (D) | % (D/C) |
| <b>Employees</b> |            |        |         |            |        |         |
| Male             | 1889       | 1889   | 100     | 1870       | 1870   | 100     |
| Female           | 19         | 19     | 100     | 17         | 17     | 100     |
| <b>Total</b>     | 1908       | 1908   | 100     | 1887       | 1887   | 100     |
| <b>Workers</b>   |            |        |         |            |        |         |
| Male             | 22         | 22     | 100     | 22         | 22     | 100     |
| Female           | 0          | 0      | 100     | 0          | 0      | 0       |
| <b>Total</b>     | 22         | 22     | 100     | 22         | 22     | 100     |

**Note:**

Trainee employees have different format of performance management / career development with their HODs. Performance Management System (PMS) is applicable for all permanent employees and workers.

**9. Health and Safety Management System**

- a. Whether an occupational health and safety management system has been implemented by the entity? (Yes/ No). If yes, the coverage such system?**

Yes, ISO 45001:2018 i.e., Occupational Health and Safety Management System has been implemented at all Sites of ISMT.

- b. What are the processes used to identify work related hazards and assess risks on a routine and non-routine basis by the entity?**

The Process of Hazard Identification, Risk Assessment and Assurance of Controls are in place to identify work-related hazards on a routine basis.

- c. Whether you have processes for employees to report the work-related hazards and to remove themselves from such risks. (Y/N)**

Yes, the Consultation and Participation Process is in place to promote the reporting of work-related hazards & Risk to responsible persons.

- d. Do the employees of the entity have access to non-occupational medical and healthcare services? (Yes / No)**

Yes, Medi-claim facility is available in case of illnesses to employees.

**10. Details of Safety related incidents**

|   | Safety Incident/Number  | Category  | 2022-23 | 2021-22 |
|---|---|-----------|---------|---------|
| 1 | Lost Time Injury Frequency Rate (LTIFR) (per one million-person hours worked) | Employees | 0       | 0       |
|   |   | Workers   | 2.13    | 2.05    |
| 2 | Total recordable work-related injuries  | Employees | 0       | 0       |
|   |   | Workers   | 18      | 20      |
| 3 | No. of fatalities   | Employees | 0       | 0       |
|   |   | Workers   | 1       | 0       |
| 4 | High consequence work-related injury or ill-health (excluding fatalities)     | Employees | 0       | 0       |
|   |   | Workers   | 0       | 0       |

**11. Describe the measures taken by the entity to ensure a safe and healthy workplace**

- i. Training & Awareness:** Training on Health & wellness, Electrical Safety, First-aid & Fire Safety awareness are provided to employees and workers.
- ii. Employee Engagement Campaigns:** Promotional Programmes during Safety Week are undertaken at sites and Head Office.

**12. Number of Complaints on the following made by employees**

|                    | FY 2022-23            |                                       |                        | FY 2021-22            |                                       |                        |
|--------------------|-----------------------|---------------------------------------|------------------------|-----------------------|---------------------------------------|------------------------|
|                    | Filed during the year | Pending resolution at the end of year | Remarks                | Filed during the year | Pending resolution at the end of year | Remarks                |
| Working Conditions | Nil                   | Nil                                   | No complaints received | Nil                   | Nil                                   | No complaints received |
| Health & Safety    | Nil                   | Nil                                   |                        | Nil                   | Nil                                   |                        |

**13. Assessments for the year**

|                             | % Of your plants and offices that were assessed (by entity or statutory authorities or third parties) |
|-----------------------------|---|
| Health and safety practices | 100%  |
| Working Conditions          | 100%  |

**14. Provide details of any corrective action taken or underway to address safety-related incidents (if any) and on significant risks / concerns arising from assessments of health & safety practices and working conditions.**

We plan to engage with DSS consultants for the next three years for Safety Excellence Project to reduce significant risks and concerns on working conditions.

## LEADERSHIP INDICATORS

1. Does the entity extend any life insurance or any compensatory package in the event of death of (A) Employees (Y/N) (B) Workers (Y/N)?

Yes: Group Policy of Accidents (GPA) for employees and workers.

2. Provide the measures undertaken by the entity to ensure that statutory dues have been deducted and deposited by the value chain partner.

The Company ensures that statutory dues are deducted and deposited in accordance with regulations. The remittance of statutory dues by value chain partners are reviewed as part of supplier audits.

3. Provide the number of employees / workers having suffered high consequence work related injury / ill-health / fatalities (as reported in Q11 of Essential Indicators above), who have been rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment:

|           | Total no. of affected employees/<br>workers |            | No. of employees/workers that are rehabilitated and placed<br>in suitable employment or whose family members have<br>been placed in suitable employment |            |
|-----------|---|------------|---|------------|
|           | FY 2022-23                                  | FY 2021-22 | FY 2022-23  | FY 2021-22 |
| Employees | Nil   | Nil        | Nil   | Nil        |
| Workers   | Nil   | Nil        | Nil   | Nil        |

4. Does the entity provide transition assistance programs to facilitate continued employability and the management of career endings resulting from retirement or termination of employment? (Yes/ No)

No

5. Details on assessment of value chain partners

Not Applicable

|                             | % Of value chain partners (by value of business done with<br>such partners) that were assessed |
|-----------------------------|--|
| Health and safety practices | NA   |
| Working Conditions          | NA   |

6. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from assessments of health and safety practices and working conditions of value chain partners.

Hazard identification and risk assessment process are in place as per requirements of ISO 45001:2018 and ISO 14001:2015. ISMT management undertakes these assessments periodically.

## Principle 4: Businesses should respect the interests of and be responsive to all its stakeholders

### ESSENTIAL INDICATORS

1. Describe the processes for identifying key stakeholder groups of the entity.

The key stakeholders of the Company are those that have a direct impact on our operations or are impacted by our business decisions and operations. The first step in the process of identifying key stakeholder groups for us include the selection and categorization into internal and external stakeholders based on their importance, impact, and relevance. The key stakeholder groups for our organization include, Customers, Suppliers, Vendors, Employees, Regulatory and statutory bodies, External Providers, Certifying and testing agencies, and Communities etc.

2. List stakeholder groups identified as key for your entity & the frequency of engagement with each stakeholder group

| Stakeholder group | Whether identified as Vulnerable & Marginalized Group (Yes/ No) | Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website), Other | Frequency of engagement (Annually/ Half yearly/ Quarterly / others – please specify) | Purpose and scope of engagement including key topics and concerns raised during such engagement                               |
|-------------------|---|---|--|---|
| Customers         | No  | Email, Newspaper, Advertisement, Community Meetings, Company Website  | As and when required   | Engagement of customers can help organization to build a stronger relationship - boosting of sales, reputation, and referrals |

| Stakeholder group               | Whether identified as Vulnerable & Marginalized Group (Yes/No) | Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website), Other | Frequency of engagement (Annually/ Half yearly/ Quarterly / others – please specify) | Purpose and scope of engagement including key topics and concerns raised during such engagement   |
|---------------------------------|--|---|--|---|
| Suppliers and Vendors           | No   | Email, Newspaper, Advertisement, Company Website  | As and when required   | To ensure the highest levels of trust and accountability in all dealings with suppliers & Vendors   |
| Employees                       | No   | Email, SMS, Advertisement, Community Meetings, Company Website  | On requirements of manpower  | For higher productivity and efficiency  |
| Regulatory and statutory bodies | No   | Email, SMS, Advertisement, Company Website  | As per requirement & demand if any   | Setting and Maintaining Standards in the Relevant Areas   |
| External Providers              | No   | Email, Newspaper, Pamphlets, Advertisement, Company Website etc.  | As and when required   | <ul style="list-style-type: none"> <li>• Cost reductions</li> <li>• Increased efficiency</li> <li>• Lower risk of price volatility</li> <li>• Streamlining purchasing process</li> <li>• Opportunity to outsource tasks</li> <li>• Product and process improvement</li> </ul> |
| Certifying and testing agencies | No   | Email, Newspaper  | As per job requirements  | For conformity of the relevant requirements of a product, service, process, system or person.   |
| Communities                     | Yes  | Online / Offline meetings, Emails, Website, Social media posts  | As and when required   | To cater to our community in a responsible & sustainable way  |

## LEADERSHIP INDICATORS

- Provide the processes for consultation between stakeholders and the Board on economic, environmental, and social topics or if consultation is delegated, how is feedback from such consultations provided to the Board.**

The process of consultation between stakeholders and the Board involves constant communication between each other regarding health, safety, and environmental matters. Empathetic listening to the stakeholder's concerns as well as seeking and sharing views & information.

- Whether stakeholder consultation is used to support the identification and management of environmental, and social topics (Yes / No). If so, provide details of instances as to how the inputs received from stakeholders on these topics were incorporated into policies and activities of the entity.**

Yes, we maintain a regular engagement with our stakeholders to shape our environmental, social and governance issues and our initiatives to address each material issue. This year we set up ESG, human rights, business continuity policies etc. to ensure appropriate systems are in place to address concerns around key material issues.

- Provide details of instances of engagement with, and actions taken to, address the concerns of vulnerable/ marginalized stakeholder groups.**

Not Applicable

## Principle 5: Businesses should respect and promote human rights

### ESSENTIAL INDICATORS

- Employees and workers who have been provided training on human rights issues and policy(ies) of the entity, in the following format**

Trainings related to right to freedom, freedom from torture, opinion and expression rights, the right to work & activity etc., are given through mail guidelines, instructions on notice boards, SOPs, code of practices, communication of audit results etc. Everyone is entitled to these rights, without discrimination.

|                      | FY 2022-23 |  |         | FY 2021-22 |  |         |
|----------------------|------------|--|---------|------------|--|---------|
| Category             | Total (A)  | No. of employees / workers covered (B) | % (B/A) | Total (C)  | No. of employees / workers covered (D) | % (D/C) |
| <b>Employees</b>     |            |  |         |            |  |         |
| Permanent            | 1856       | 1856                                   | 100     | 1839       | 1839                                   | 100     |
| Other than permanent | 52         | 52                                     | 100     | 48         | 48                                     | 100     |
| Total employees      | 1908       | 1908                                   | 100     | 1887       | 1887                                   | 100     |
| <b>Workers</b>       |            |  |         |            |  |         |
| Permanent            | 22         | 22                                     | 100     | 22         | 22                                     | 100     |
| Other than permanent | 1365       | 1365                                   | 100     | 1247       | 1247                                   | 100     |
| Total workers        | 1387       | 1387                                   | 100     | 1269       | 1269                                   | 100     |

2. Details of minimum wages paid to employees and workers

| Category             | FY 2022-23 |                       |         |                        |         | FY 2021-22 |                       |         |                        |         |
|----------------------|------------|-----------------------|---------|------------------------|---------|------------|-----------------------|---------|------------------------|---------|
|                      | Total (A)  | Equal to minimum wage |         | More than minimum wage |         | Total (D)  | Equal to minimum wage |         | More than minimum wage |         |
|                      |            | No (B)                | % (B/A) | No (C)                 | % (C/A) |            | No (E)                | % (E/D) | No (F)                 | % (F/D) |
| <b>Employees</b>     |            |                       |         |                        |         |            |                       |         |                        |         |
| Permanent            |            |                       |         |                        |         |            |                       |         |                        |         |
| Male                 | 1840       | 0                     | 0       | 1840                   | 100     | 1822       | 0                     | 0       | 1844                   | 100     |
| Female               | 16         | 0                     | 0       | 16                     | 100     | 17         | 0                     | 0       | 17                     | 100     |
| Other than permanent |            |                       |         |                        |         |            |                       |         |                        |         |
| Male                 | 49         | 0                     | 0       | 49                     | 100     | 48         | Nil                   | Nil     | 48                     | 100     |
| Female               | 3          | 0                     | 0       | 3                      | 100     | 0          | Nil                   | Nil     | Nil                    | 0       |
| <b>Workers</b>       |            |                       |         |                        |         |            |                       |         |                        |         |
| Permanent            |            |                       |         |                        |         |            |                       |         |                        |         |
| Male                 | 22         | 0                     | Nil     | 22                     | 100     | 22         | Nil                   | Nil     | 22                     | 100     |
| Female               | 0          | 0                     | Nil     | 0                      | Nil     | 0          | Nil                   | Nil     | 0                      | 0       |
| Other than permanent |            |                       |         |                        |         |            |                       |         |                        |         |
| Male                 | 1365       | 1365                  | 100     | Nil                    | Nil     | 1247       | 1247                  | 100     | Nil                    | 0       |
| Female               | 0          | 0                     | Nil     | Nil                    | Nil     | 0          | 0                     | 0       | Nil                    | 0       |

3. Details of remuneration/salary/wages, in the following format:

|                                  | Male   |  | Female |  |
|----------------------------------|--------|--|--------|--|
|                                  | Number | Median remuneration/ salary/ wages of respective category (Rs in lakh) | Number | Median remuneration/ salary/ wages of respective category (Rs in lakh) |
| Board of Directors (BoD)         | 5      | 11.00  | 1      | 15.00  |
| Key Managerial Personnel         | 3      | 71.57  | 0      | -  |
| Employees other than BoD and KMP | 1837   | 5.90   | 16     | 5.70   |
| Workers                          | 22     | 2.06   | 0      | -  |

4. Do you have a focal point (Individual / Committee) responsible for addressing human rights impacts or issues caused or contributed to by the business? (Yes/No)

Yes, Team of Human Resource Department (HRD) handles human rights impacts and issues.

**5. Describe the internal mechanisms in place to redress grievances related to human rights issue**

We are committed to non-discriminatory and non-harassing work environment. We do not engage in forced or child labor and ensure that human rights clauses are included in significant investment agreements and contracts. We have formulated Human Rights, Grievance Redressal and Whistle Blower Policies to encourage employees to communicate genuine issues regarding human rights, violation of code of conduct, leakage of confidential information etc. The policies have been developed to provide for an official platform to record and address genuine concerns and ensure good governance. The link to human rights policy: <https://www.ismt.co.in/documents/1387050/5862fcc3-3ae5-b29c-345f-9318273801ea>

**6. Number of Complaints on the following made by employees and workers:**

|                                   | FY 2022-23            |                                       | FY 2021-22            |                                       |
|-----------------------------------|-----------------------|---------------------------------------|-----------------------|---------------------------------------|
|                                   | Filed during the year | Pending resolution at the end of year | Filed during the year | Pending resolution at the end of year |
| Sexual Harassment                 | Nil                   | Nil                                   | Nil                   | Nil                                   |
| Discrimination at workplace       | Nil                   | Nil                                   | Nil                   | Nil                                   |
| Child Labour                      | Nil                   | Nil                                   | Nil                   | Nil                                   |
| Forced Labour/ Involuntary Labour | Nil                   | Nil                                   | Nil                   | Nil                                   |
| Wages                             | Nil                   | Nil                                   | Nil                   | Nil                                   |
| Other human rights related issues | Nil                   | Nil                                   | Nil                   | Nil                                   |

**7. Mechanisms to prevent adverse consequences to the complainant in discrimination and harassment cases**

ISMT promotes non-discriminatory and non-harassing work environment. We commit to have zero tolerance against discrimination based on age, gender, caste, religion, disability etc. We ensure appropriate training for all employees in-an ongoing basis on company values, code of conduct, human rights and behavioural aspects while discharging their duties at the workplace. The employees can email their grievances to [kirloskar@integritymatters.in](mailto:kirloskar@integritymatters.in)

**8. Do human rights requirements form part of your business agreements and contracts? (Yes/No)**

Yes

**9. Assessments for the year**

| Section                           | % Of your plants and offices that were assessed (by entity or statutory authorities or third parties) |
|-----------------------------------|---|
| Sexual Harassment                 | 100 %   |
| Discrimination at workplace       | 100 %   |
| Child Labour                      | 100 %   |
| Forced Labour/ Involuntary Labour | 100 %   |
| Wages                             | 100 %   |
| Others – please specify           | Not any   |

**10. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 9 above**

Not Applicable

**Principle 6: Businesses should respect and make efforts to protect and restore the environment****ESSENTIAL INDICATORS****1. Details of total energy consumption (in GJ) and energy intensity, in the following format**

| Parameter   | FY 2022-23            | FY 2021-22            |
|---|-----------------------|-----------------------|
| Total electricity consumption (A) (GJ)  | 9,03,136.41 GJ        | 7,61,572 GJ           |
| Total fuel consumption (B) (GJ)   | 4,457.43 GJ           | 4,754.16 GJ           |
| Energy consumption through other sources (C) (GJ)   | 0                     | 0                     |
| <b>Total energy consumption (A+B+C) (GJ)</b>  | <b>9,07,593.84 GJ</b> | <b>7,66,326.16 GJ</b> |
| Energy intensity per rupee of turnover<br>(Total energy consumption/ turnover in rupees) (in GJ/Crores) | 3.54                  | 3.56                  |

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N): Yes, TUV India Pvt. Ltd, East Coast Sustainable Private Limited. & ABB Hitachi.



2. Does the entity have any sites / facilities identified as designated consumers (DCs) under the Performance, Achieve and Trade (PAT) Scheme of the Government of India? (Y/N) If yes, disclose whether targets set under the PAT scheme have been achieved. In case targets have not been achieved, provide the remedial action taken, if any

No

3. Provide details of the following disclosures related to water, in the following format

| Parameter  | FY 2022-23  | FY 2021-22  |
|--|-------------|-------------|
| <b>Water withdrawal by source (in kiloliters)</b>                                  |             |             |
| (i) Surface water  | 6,97,251 KL | 6,88,701 KL |
| (ii) Groundwater   | 0           | 0           |
| (iii) Third party water  | 2,76,689 KL | 1,48,735KL  |
| (iv) Seawater / desalinated water  | 0           | 0           |
| (v) Others   | 0           | 0           |
| <b>Total volume of water withdrawal (in kiloliters) (i + ii + iii + iv + v)</b>    | 9,73,940 KL | 8,37,436 KL |
| <b>Total volume of water consumption (in kiloliters)</b>                           | 9,73,940 KL | 8,37,436 KL |
| <b>Water intensity per rupee of turnover (Water consumed / turnover in Crores)</b> | 3.80        | 3.89        |

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N): Yes, TUV India Pvt. Ltd, East Coast Sustainable Private Limited. & ABB Hitachi

4. Has the entity implemented a mechanism for Zero Liquid Discharge? If yes, provide details of its coverage and implementation.

Yes, we have implemented STP and ETP for wastewater treatment and treated water is used for gardening purposes.

5. Provide details of air emissions (other than GHG emissions) by the entity, in the following format.

| Parameter                                  | Please specify unit          | FY 2022-23 | FY 2021-22 |
|--|------------------------------|------------|------------|
| <b>NOx</b>                                 | MT                           | 61.01      | 46.84      |
| <b>SOx</b>                                 | MT                           | 46.05      | 37.88      |
| <b>Particulate matter (PM)</b>             | Avg value (less than 10 ppm) | 150.20     | 157.49     |
| <b>Persistent organic pollutants (POP)</b> | NA                           | NA         | NA         |
| <b>Volatile organic compounds (VOC)</b>    | Nil                          | Nil        | Nil        |
| <b>Hazardous air pollutants (HAP)</b>      | Nil                          | Nil        | Nil        |

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

Yes (Green Envirosafe Engineers & Consultant Pvt. Ltd., GHS Metrics)

6. Provide details of greenhouse gas emissions (Scope 1 and Scope 2 emissions) & its intensity, in the following format

| Parameter  | Please specify units                        | FY 2022-23  | FY 2021-22  |
|--|---|-------------|-------------|
| <b>Total Scope 1 emissions</b> (Break-up of the GHG into CO <sub>2</sub> , CH <sub>4</sub> , N <sub>2</sub> O, HFCs, PFCs, SF <sub>6</sub> , NF <sub>3</sub> , if available) | Metric tonnes of CO <sub>2</sub> equivalent | 64,982.91   | 61,163.52   |
| <b>Total Scope 2 emissions</b> (Break-up of the GHG into CO <sub>2</sub> , CH <sub>4</sub> , N <sub>2</sub> O, HFCs, PFCs, SF <sub>6</sub> , NF <sub>3</sub> , if available) | Metric tonnes of CO <sub>2</sub> equivalent | 1,71,792.30 | 1,51,811.73 |
| <b>Total Scope 1 and Scope 2 emissions per Crores of turnover</b>  | MTCO <sub>2</sub> e/INR                     | 92.44       | 98.94       |

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

Yes, TUV India Pvt. Ltd, East Coast Sustainable Private Limited. & ABB Hitachi

7. Does the entity have any project related to reducing Green House Gas emission? If yes, then provide details

ISMT has replaced furnace oil to LSHS at the Ahmednagar plant and is in process of implementing the same at the Baramati and Jejuri plants in the current financial year

## 8. Provide details related to waste management by the entity, in the following format:

| Parameter  | FY 2022-23                    | FY 2021-22       |
|--|-------------------------------|------------------|
|  | Total Waste generated (in MT) |                  |
| Plastic waste (A)  | Nil                           | Nil              |
| E-waste (B)  | 0.48                          | Nil              |
| Bio-medical waste (C)  | Nil                           | Nil              |
| Construction and demolition waste (D)                            | Nil                           | Nil              |
| Battery waste (E)  | Nil                           | Nil              |
| Radioactive waste (F)  | Nil                           | Nil              |
| Other Hazardous waste. Please specify, if any. (G)               | Nil                           | Nil              |
| Other Non-hazardous waste generated (H). Please specify, if any. | 28,213.02                     | 57,446.26        |
| <b>Total (A+B + C + D + E + F + G + H)</b>                       | <b>28,213.50</b>              | <b>57,446.26</b> |

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency: No

**For each category of waste generated, total waste recovered through recycling, re-using or other recovery operations (in metric tonnes)**

| Category of waste               | FY 2022-23                    | FY 2021-22 |
|---------------------------------|-------------------------------|------------|
|                                 | Total Waste generated (in MT) |            |
| (i) Recycled                    | 0                             | 0          |
| (ii) Re-used                    | 0                             | 0          |
| (iii) Other recovery operations | 0                             | 0          |
| Total                           | 0                             | 0          |

**For each category of waste generated, total waste disposed by nature of disposal method (in metric tonnes)**

| Category of waste               | FY 2022-23                    | FY 2021-22 |
|---------------------------------|-------------------------------|------------|
|                                 | Total Waste generated (in MT) |            |
| (i) Incineration                | NA                            | NA         |
| (ii) Landfilling                | 28,213.02                     | 57,446.26  |
| (iii) Other recovery operations | 0.48                          | 0          |

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency - No

## 9. Briefly describe the waste management practices adopted in your establishments. Describe the strategy adopted by your company to reduce usage of hazardous and toxic chemicals in your products and processes and the practices adopted to manage such wastes

Reduction in hazardous waste in progress by Sale of Spent Acid for extraction of ferrous.

## 10. If the entity has operations/offices in/around ecologically sensitive areas (such as national parks, wildlife sanctuaries, biosphere reserves, wetlands, biodiversity hotspots, forests, coastal regulation zones etc.) where environmental approvals / clearances are required, specify details in the following format

| S. No. | Location of operations/offices | Type of operations | Whether the conditions of environmental approval / clearance are being complied with? (Y/N)<br>If no, the reasons thereof and corrective action taken, if any. |
|--------|--------------------------------|--------------------|--|
| 1      | NA                             | NA                 | NA   |
| 2      | NA                             | NA                 | NA   |

11. Details environmental impact assessments of projects undertaken by the entity based on applicable laws, in the current financial year

| Name and brief details of project   | EIA Notification No. | Date   | Whether conducted by independent external agency (Yes / No) | Results communicated in public domain (Yes / No) | Relevant Web link |
|---|----------------------|--------|---|--|-------------------|
| Environmental Clearance that includes Environmental Impact Assessment study | ---                  | Feb/23 | Yes   | In progress                                      | NA                |

12. Is the entity compliant with the applicable environmental law / regulations / guidelines in India, such as the Water (Prevention and Control of Pollution) Act, Air (Prevention and Control of Pollution) Act, Environment Protection Act, and rules thereunder (Y/N). If not, provide details of all such non-compliances, in the following format:

| S. No. | Specify the law / regulation / guidelines which was not complied with | Provide details of the non-compliance | Any fines / penalties / action taken by regulatory agencies such as pollution control boards or by courts | Corrective action taken if any |
|--------|---|---------------------------------------|---|--------------------------------|
| 1      | Nil   | Nil                                   | Nil   | Nil                            |

**Principle 7: Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent**

#### ESSENTIAL INDICATORS

1. a. Number of affiliations with trade and industry chambers / associations:  
9
- b. List the top 10 trade and industry chambers / associations (determined based on the total members of such a body) the entity is a member of / affiliated to.

| S. No. | Name of the trade and industry chambers/ associations | Reach of trade and industry chambers/ associations (State/National) |
|--------|---|---|
| 1      | Maratha Chambers of Commerce & Industries             | State   |
| 2      | District Chambers of Commerce and Industry (DCCI)     | State   |
| 3      | Jejuri Industrial Manufacturers Associates            | State   |
| 4      | The Alloy Steel Producers Association                 | State   |
| 5      | National Safety Council                               | National  |
| 6      | The Institute of Co-Secretaries of India              | National  |
| 7      | Legal Entity Identifier India Ltd                     | National  |
| 8      | Institute of Chartered Accountants of India (ICAI)    | National  |
| 9      | Membership of Labor Law reporter                      | Across Central and State Government                                 |

2. Provide details of corrective action taken or underway on any issues related to anti- competitive conduct by the entity, based on adverse orders from regulatory authorities.

| Name of Authority |    |    |    | Brief of the case | Corrective action taken |
|-------------------|----|----|----|-------------------|-------------------------|
| NA                | NA | NA | NA | NA                | NA                      |

#### LEADERSHIP INDICATORS

1. Details of public policy positions advocated by the entity:

Not Applicable

**Principle 8: Businesses should promote inclusive growth and equitable development****ESSENTIAL INDICATORS**

1. **Details of Social Impact Assessments (SIA) of projects undertaken by the entity based on applicable laws, in the current FY 23**

| Name and brief details of project | SIA Notification No. | Date of notification | Whether conducted by independent external agency (Yes / No) | Results communicated in public domain (Yes / No) | Relevant Web link |
|-----------------------------------|----------------------|----------------------|---|--|-------------------|
| NA                                | NA                   | NA                   | NA  | NA   | NA                |

2. **Provide information on project(s) for which ongoing Rehabilitation and Resettlement (R&R) is being undertaken by your entity in the following format**

| S. No. | Name of project for which R&R is ongoing | State | District | No. of project affected families (PAFs) | % Of PAFs covered by R&R | Amounts paid to PAFs in the FY (in INR) |
|--------|--|-------|----------|---|--------------------------|---|
|        | NA                                       | NA    | NA       | NA                                      | NA                       | NA                                      |

3. **Describe the mechanisms to receive and redress grievances of the community**

We have a grievance redressal mechanism that extends to our stakeholders. The community is encouraged to resolve their queries, concerns, and disputes in coordination with the concerned parties. The community can send their grievances to hrd@ismt.co.in

4. **Percentage of input material (inputs to total inputs by value) sourced from suppliers**

| Category of waste   | FY 2022-23 | FY 2021-22 |
|---|------------|------------|
| Directly sourced from MSMEs/ small producers                        | 9.29%      | 4.81%      |
| Sourced directly from within the district and neighboring districts | 21.76%     | 19.48%     |

**LEADERSHIP INDICATORS**

1. **Provide details of actions taken to mitigate any negative social impacts identified in the Social Impact Assessments (Reference: Question 1 of Essential Indicators above):**

Not Applicable

2. **Provide the following information on CSR projects undertaken by your entity in des-ignated aspirational districts as identified by government bodies:**

Not Applicable

3. **A) Do you have a preferential procurement policy where you give preference to purchase from suppliers comprising marginalized /vulnerable groups? (Yes/No) B) From which marginalized /vulnerable groups do you procure? C) What percentage of total procurement (by value) does it constitute?**

Not Applicable

4. **Details of the benefits derived and shared from the intellectual properties owned or acquired by your entity (in the current financial year), based on traditional knowledge:**

Not Applicable

5. **Details of corrective actions taken or underway, based on any adverse order in intel-lectual property related disputes wherein usage of traditional knowledge is involved.**

Not Applicable

6. **Details of beneficiaries of CSR Projects:**

| S. No. | CSR Project | No. of persons benefitted from CSR Projects | % Of beneficiaries from vulnerable and marginalized groups |
|--------|-------------|---|--|
| 1      | Education   | 120   | None   |

## Principle 9: Businesses should engage with and provide value to their consumers in a responsible manner

### ESSENTIAL INDICATORS

#### 1. Describe the mechanisms in place to receive and respond to consumer complaints and feedback

Any complaints received through mail/WhatsApp/phone is lodged in the CRM (Customer Complaint Management) system and the further response/action on the same is tracked by respective responsible team member. The Quality team provides necessary documents / feedback to customer to resolve the complaints.

#### 2. Turnover of products and/ services as a percentage of turnover from all products/ service that carry information about

| State   | As a percentage to total turnover |
|---|-----------------------------------|
| Environmental and social parameters relevant to the product | Not Applicable                    |
| Safe and responsible usage                                  |                                   |
| Recycling and/or safe disposal                              |                                   |

#### 3. Number of consumer complaints in respect of the following:

|                                | FY 2022-23               |                                   |                                 | FY 2021-22               |                                   |                                 |
|--------------------------------|--------------------------|-----------------------------------|---------------------------------|--------------------------|-----------------------------------|---------------------------------|
|                                | Received during the year | Pending resolution at end of year | Remarks                         | Received during the year | Pending resolution at end of year | Remarks                         |
| Data privacy                   | Nil                      | Nil                               | No consumer complaints received | Nil                      | Nil                               | No consumer complaints received |
| Advertising                    | Nil                      | Nil                               | No consumer complaints received | Nil                      | Nil                               | No consumer complaints received |
| Cyber-security                 | Nil                      | Nil                               | No consumer complaints received | Nil                      | Nil                               | No consumer complaints received |
| Delivery of essential services | NA                       | NA                                | No consumer complaints received | NA                       | NA                                | No consumer complaints received |
| Others                         | NA                       | NA                                | No consumer complaints received | NA                       | NA                                | No consumer complaints received |

#### 4. Details of instances of product recalls on accounts of safety issues

|                   | Number         | Reason for recall |
|-------------------|----------------|-------------------|
| Voluntary recalls | Not Applicable | Not Applicable    |
| Forced recalls    | Not Applicable | Not Applicable    |

#### 5. Does the entity have a framework / policy on cyber security and risks related to data privacy? (Yes/No) If available, provide a web-link of the policy

Cyber Security and Data privacy controls such as Network Firewall, Antivirus, External Media controls are in place, however policy documents are yet to be published.

#### 6. Provide details of any corrective actions taken or underway on issues relating to advertising, and delivery of essential services; cyber security and data privacy of customers; re-occurrence of instances of product recalls; penalty / action taken by regulatory authorities on safety of products / services

Not Applicable

**LEADERSHIP INDICATORS**

1. **Channels / platforms where information on products and services of the entity can be accessed (provide web link, if available).**

<https://www.ismt.co.in/product-and-services/steel>  
<https://www.ismt.co.in/en/product-and-services/tubes>  
<https://www.ismt.co.in/en/product-and-services/ipp>  
<https://www.ismt.co.in/en/product-and-services/ismt-360>

2. **Steps taken to inform and educate consumers about safe and responsible usage of products and/or services.**

Not Applicable

3. **Mechanisms in place to inform consumers of any risk of disruption/discontinuation of essential services.**

The mechanism in place to inform consumers of any risk of disruption/discontinuation of essential services is primarily through email.

4. **Does the entity display product information on the product over and above what is mandated as per local laws? (Yes/No/ Not Applicable) If yes, provide details in brief. Did your entity carry out any survey with regard to consumer satisfaction relating to the major products / services of the entity, significant locations of operation of the entity or the entity as a whole? (Yes/No)**

Not Applicable

5. **Provide the following information relating to data breaches:**

- a. **Number of instances of data breaches along-with impact:**

Nil

- b. **Percentage of data breaches involving personally identifiable information of customers:**

Nil



**INDEPENDENT AUDITOR'S REPORT****To the Members of ISMT Limited****Report on the Audit of the Standalone Financial Statements  
Opinion**

We have audited the standalone Financial Statements of ISMT Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2023, and the Statement of Profit and Loss (including Other Comprehensive Income), Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the Financial Statements, including a summary of Significant Accounting Policies and other explanatory information (hereinafter referred to as "the Standalone Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, 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 accounting principles generally accepted in India, of the standalone state of affairs of the Company as at March 31, 2023, and its standalone profit (including Other Comprehensive Income), standalone changes in equity and its standalone 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 Act. Our responsibilities under those Standards are further described in the Auditor's 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 standalone Financial Statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Emphasis of Matters**

- a) We draw attention to note no. 3.17 of the Standalone Financial Statements, regarding additional provision for impairment made by the Company to the extent of Rs 7.51 Crores in respect of its investment (including advances) in subsidiary "Structo Hydraulic Sweden" (SHAB) (including investment through Its Subsidiary Company, ISMT Enterprises S.A., Luxembourg) based on the management assessment and valuation report of independent valuer.
- b) We draw attention to note no. 3.2 of the Standalone Financial Statements, that the Company is in the process of discharging the obligation regarding remuneration payable to Erstwhile Managing Director of the Company amounting to Rs. 4.20 Crores cumulative up to March 31, 2022 based on legal opinion and requisite approvals.

**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 of the current period. 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.

We have determined the matter described below to be the key audit matter to be communicated in our report.

**Investments in subsidiaries:**

The Company has investments in various subsidiaries. The Company accounts for investments in subsidiaries at cost (subject to impairment assessment). For investments carried at cost amounting to Rs. 201.35 Crores where an indication of impairment exists, the carrying value of investment is assessed for impairment and where applicable an impairment provision is recognised. Accordingly, the company has made provision for impairment amounting to Rs. 144.56 Crores as at March 31, 2023. Carrying value of investments in subsidiaries is Rs. 56.79 crores net off impairment provision. During the year, management undertook an assessments of its investments in subsidiaries and made an additional provision of impairment amounting to Rs. 7.77 Crores. The determination of recoverable amount involves management estimates and significant judgements with respect to performance of subsidiaries. Refer following notes to the Standalone Financial Statements:

- Key accounting judgements, estimates and assumptions- Note no. 2.28(d)
- Significant accounting policies on impairment of non-financial assets- Note no. 2.23
- Investment in subsidiaries- Note no. 1.2 and 3.15
- Provision for impairment in value of investments- Note no. 3.16, 3.17 and 3.18

Considering the significance of investments, management judgement and estimates involved in determination of recoverable value for impairment assessment, investment in subsidiaries is considered as Key audit matter.

Our audit methodology included the following:

- Compared the carrying value of investment in subsidiaries with their respective net assets and earnings for the period.
- Assessed the appropriateness of relevant accounting policies of the company including those relating to recognition and measurement of investments comparing with the applicable Ind AS.
- Discussed and evaluated management assessment of impairment of investment in subsidiaries.
- Evaluated the objectivity and independence of management expert involved in the valuation process.
- Discussed the key assumptions and sensitivities with management and those charged with governance.

- Considered the disclosures in the standalone Ind AS financial statements for compliance with disclosure requirements in relation to impairment.

#### Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis, Corporate Governance and Board of Director's report, but does not include the standalone Financial Statements and our auditor's 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 in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

#### Responsibilities of Management and Those Charged with Governance for the 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 standalone financial position, standalone financial performance including other comprehensive income, standalone changes in equity and standalone cash flows of the Company in accordance 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 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 Statements 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, the management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

#### Auditor's Responsibilities for the Audit of the 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone 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 Act 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 standalone 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.
- 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.

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.

#### **Other Matter**

The standalone financial statements of the company for the year ended March 31, 2022 were audited by the predecessor auditors who expressed an unmodified opinion on those statements vide report dated May 09, 2022.

Our opinion is not qualified in respect of this matter.

#### **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure A; a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c) The Balance Sheet, the Statement of Profit and Loss including other comprehensive income, the Statement of Changes in Equity 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 Companies (Indian Accounting Standards) Rules, 2015, as amended.
- e) On the basis of the written representations received from the directors as on March 31, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2023 from being appointed as a director in terms of Section 164 (2) of the Act.
- f) With respect to the adequacy of the internal financial controls with reference to financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- g) As required by section 197 (16) of the Act; in our opinion and according to information and explanation provided to us, the remuneration paid by the company to its directors is in accordance with the provisions of section 197 of the Act and remuneration paid to directors is not in excess of the limit laid down under this section.
- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - (i) The Company has disclosed the impact of pending litigations on its financial position in its Financial Statements – Refer Note 3.1 to the Standalone Financial Statements.
  - (ii) The Company did not have any material foreseeable losses on long-term contracts including derivative contracts.
  - (iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
  - (iv) (a) The management has represented to us that, to the best of its knowledge and belief, other than as disclosed in the notes to the accounts to the financial statements, if any, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

- (b) the management has represented to us, that, to the best of its knowledge and belief, other than as disclosed in the notes to the accounts to the Financial Statements, if any, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- (c) Based on the information and explanation given to us and audit procedures performed as considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations made by the management and as mentioned under sub-clause (iv) (a) and (iv)(b) above contain any material misstatement.
- (v) The Company has not declared or paid dividend during the year.
- (vi) The requirement to the use of accounting software for maintaining Company's books of account which has a feature of recording audit trail (edit log) facility, as prescribed under rule 3(1) of the Companies (Accounts) Rules, 2014, is deferred to financial years commencing on or after April 1, 2023, therefore reporting under Rule 11(g) of Companies (Audit & Auditors) Rules, 2014 is not applicable for financial year ended on March 31, 2023.

**For P G BHAGWAT LLP**

Chartered Accountants

Firm Registration Number: 101118W/W100682

**Nachiket Deo**

Partner

Membership Number: 117695

UDIN: 23117695BGXKOS9347

Place: Pune

Date: May 03, 2023

## ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT

Referred to in paragraph 1 under the heading, "Report on Other legal and Regulatory Requirements" of our report on even date:

| (i)  | (a)         | (A) The Company has maintained records showing particulars of property, plant & equipment. However updation of same with respect to completing full particulars is in progress.  |             |                       |  |  |                               |      |  |  |                               |      |
|--|-------------|--|-------------|-----------------------|--|--|-------------------------------|------|--|--|-------------------------------|------|
|  |             | (B) The Company does not own any intangible assets. Therefore, the provisions of clause 3(i)(a)(B) of the said order are not applicable to the Company.  |             |                       |  |  |                               |      |  |  |                               |      |
|  | (b)         | The Property, Plant & Equipment are physically verified by the Management according to a phased program designed to cover all the items which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, a portion of the Property, Plant & Equipment has been physically verified by the Management during the year and no material discrepancies have been noticed on such verification.   |             |                       |  |  |                               |      |  |  |                               |      |
|  | (c)         | According to information and explanation given to us and based on the examination of records provided to us, we report that, the title deeds of immovable properties (other than properties where the company is the lessee and the lease agreements are duly executed in favour of the lessee), as disclosed in Note 1.1 on Property, Plant & Equipment to the financial statements, are held in the name of the Company.   |             |                       |  |  |                               |      |  |  |                               |      |
|  | (d)         | The Company has not revalued its Property, Plant and Equipment or intangible assets during the year. Accordingly provisions of Clause 3(i)(d) of the said Order are not applicable to the Company.   |             |                       |  |  |                               |      |  |  |                               |      |
|  | (e)         | According to the information and explanations provided to us, no proceedings have been initiated or are pending against the company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 (as amended in 2016) and rules made thereunder. Hence reporting under clause 3(i)(e) of the order is not applicable  |             |                       |  |  |                               |      |  |  |                               |      |
| (ii)   | (a)         | The physical verification of inventory excluding stocks with third parties have been conducted at reasonable intervals by the Management during the year. In respect of inventory lying with third parties, these have substantially been confirmed by them. In our opinion and based on the policy adopted by the management, the coverage and procedure of such verification is appropriate. The discrepancies noticed on physical verification of inventory as compared to book records were not 10% or more in aggregate for each class of inventory and those have been appropriately dealt with in the books of accounts.  |             |                       |  |  |                               |      |  |  |                               |      |
|  | (b)         | We have observed differences in quarterly returns or statements filed by the Company with such banks or financial institutions as compared to the books of accounts maintained by the company. However, we have not carried out specific audit of these statements. The reasons for such differences are given in note no 1.17 of the Standalone Financial Statements of the company.  |             |                       |  |  |                               |      |  |  |                               |      |
| (iii)  | (a)         | <p>The Company during the year has granted unsecured loans to employees.</p> <p>The aggregate amount of such loans granted during the year and balances thereof as at balance sheet date are as under:</p> <table><tr><th>Particulars</th><th>Loans (Rs. in Crores)</th></tr><tr><td>Aggregate amount granted/ provided during the year</td><td></td></tr><tr><td>- Others (Loans to employees)</td><td>0.30</td></tr><tr><td>Balance outstanding as at balance sheet date in respect of above cases</td><td></td></tr><tr><td>- Others (Loans to employees)</td><td>0.33</td></tr></table> <p>The Company had granted long term advance amounting to Rs. 0.26 Crores to wholly owned subsidiary company during the year which is considered as equity component, hence reporting under clause 3 (iii) is not applicable to that extent.</p> <p>Further, the company has provided securities to banks against working capital facilities as disclosed in note no. 1.17 of the Standalone Financial Statements.</p> | Particulars | Loans (Rs. in Crores) | Aggregate amount granted/ provided during the year |  | - Others (Loans to employees) | 0.30 | Balance outstanding as at balance sheet date in respect of above cases |  | - Others (Loans to employees) | 0.33 |
|  | Particulars | Loans (Rs. in Crores)  |             |                       |  |  |                               |      |  |  |                               |      |
| Aggregate amount granted/ provided during the year                     |             |  |             |                       |  |  |                               |      |  |  |                               |      |
| - Others (Loans to employees)  | 0.30        |  |             |                       |  |  |                               |      |  |  |                               |      |
| Balance outstanding as at balance sheet date in respect of above cases |             |  |             |                       |  |  |                               |      |  |  |                               |      |
| - Others (Loans to employees)  | 0.33        |  |             |                       |  |  |                               |      |  |  |                               |      |
|  | (b)         | In terms of the information and explanations given to us and the books of account and records examined by us, loans provided, securities given and the terms and conditions of the grant of all aforesaid loans and advances in the nature of loans during the year are not prejudicial to the Company's interest.   |             |                       |  |  |                               |      |  |  |                               |      |
|  | (c)         | In respect of the aforesaid loans and advances in the nature of loans, the schedule of repayment of principal and payment of interest has been stipulated by the Company. The parties are repaying the principal amounts, as stipulated, and are also generally regular in payment of interest as applicable except in Twenty cases where there is delay upto eleven months in repayment of loan amounting to Rs. 0.04 Crores (out of which amount of Rs. 0.01 Crores have been repaid till March 31, 2023).   |             |                       |  |  |                               |      |  |  |                               |      |



|       |   |   |  |   |   |   |                             |
|-------|---|---|--|---|---|---|-----------------------------|
|       | (d)   | In respect of the aforesaid loans and advances in the nature of loans, there is no amount which is overdue for more than ninety days, except in case of thirteen employees, principal and interest amounting to Rs. 0.03 Crores is overdue for more than ninety days. According to information and explanation given to us, the company has initiated recovery process for the recovery of the principal amounts and interest thereon.  |  |   |   |   |                             |
|       | (e)   | In respect of the loans and advances in the nature of loans granted which has fallen due during the year, no renewal or extension were granted or no fresh loans granted to settle the overdue of existing loans given to the same parties.   |  |   |   |   |                             |
|       | (f)   | The Company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment.   |  |   |   |   |                             |
| (iv)  | The Company has not granted any loans or made any investments, or provided any guarantees or security to the parties covered under Section 185 and 186. Therefore, the provisions of Clause 3(iv) of the said Order are not applicable to the Company.  |   |  |   |   |   |                             |
| (v)   | In our opinion and according to information and explanation given to us, the Company has not accepted any deposits or amounts which are deemed to be deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified. Therefore, the provisions of Clause 3(v) of the said Order are not applicable to the Company.  |   |  |   |   |   |                             |
| (vi)  | Pursuant to the rules made by the Central Government of India, the Company is required to maintain cost records as specified under Section 148(1) of the Act in respect of its products. We have broadly reviewed the same, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete. |   |  |   |   |   |                             |
| (vii) | (a)   | According to the information and explanations given to us and the records of the Company examined by us, in our opinion, except for dues in respect of provident fund and employees' state insurance, the Company is generally regular in depositing undisputed statutory dues, including Goods and Service Tax, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, labour welfare fund, cess and other material statutory dues, as applicable, with the appropriate authorities. The extent of the arrears of statutory dues outstanding as at March 31, 2023, for a period of more than six months from the date they became payable are as follows: |  |   |   |   |                             |
|       |   | <b>Name of the statute</b>  | <b>Nature of dues</b>                                    | <b>Amount (in Crores)</b>   | <b>Period to which the amount relates</b> | <b>Due date</b>                           | <b>Date of Payment</b>      |
|       |   | Provident Fund  | Employee Provident Fund                                  | 0.002   | April 2022 and May 2022                   | 15th of next month                        | Unpaid as at March 31, 2023 |
|       |   | Employees' State Insurance  | Employee State Insurance Corporation                     | 0.014   | April 2022 to September 2022              | 15th of next month                        | Unpaid as at March 31, 2023 |
| (b)   | According to the information and explanations given to us and the records of the Company examined by us, the particulars of statutory dues referred to in sub-clause (a) as at March 31, 2023 which have not been deposited on account of a dispute, are as follows:  |   |  |   |   |   |                             |
|       | <b>Name of the Statute</b>  | <b>Nature of disputed due</b>   | <b>Amount under dispute not deposited (Rs.in Crores)</b> | <b>Period to which amount is related</b>  |   | <b>Forum where the dispute is pending</b> |                             |
|       | Customs Act, 1962   | Disputes related to exemptions, classification & other matters  | 5.86   | FY 1990-91, FY 2008-09 to 2010-11, FY 2014-15, FY 2015-16, FY 2018-19, FY 2019-20 |   | CESTAT                                    |                             |
|       | Central Excise Act, 1944  | Disputes on account of determination of assessable value, availment and utilisation of CENVAT credit & other matters  | 16.43  | FY 2007-08 to 2009-10, FY 2012-13 to FY 2017-18                                   |   | CESTAT                                    |                             |
|       |   |   | 2.90   | FY 2001-02 to FY 2002-03, FY 2004-05  |   | High Court, Bombay                        |                             |
|       | CGST Act, 2017  | Dispute on account of transition of CENVAT credit of cess and ISD invoices  | 0.38   | FY 2017-18  |   | Appellate Commissioner                    |                             |
|       |   |   | 0.50   | FY 2017-18  |   | Assistant Commissioner                    |                             |
|       | Property Tax  | Disputed Property Tax   | 0.26   | FY 1995-96 and FY 1996-97   |   | High Court, Bombay                        |                             |
|       | Gram Panchayat Tax  | Disputed Gram Panchayat Tax   | 2.54   | FY 2015-16 to FY 22-23  |   | Zilla Parishad, Pune                      |                             |
|       | Water Tax   | Disputed water charges  | 1.09   | FY 2019-20  |   | Branch Manager, Nazare Dam Division       |                             |

|        |     |  |
|--------|-----|--|
| (viii) |     | In terms of the information and explanations given to us and the books of account and records examined by us, the Company has not surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961. Hence reporting under clause 3(viii) of the order is not applicable.   |
| (ix)   | (a) | According to the records of the Company examined by us and the information and explanation given to us, during the year, the Company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender as at the balance sheet date. However, loans amounting to Rs. 5.75 crores are repayable on demand and terms and conditions for payment of interest thereon have not been stipulated. According to the information and explanations given to us, such loans have not been demanded for repayment during the relevant financial year. |
|        | (b) | According to the information and explanations given to us and on the basis of our audit procedures, we report that the company has not been declared willful defaulter by any bank or financial institution or government or any government authority.   |
|        | (c) | According to the information and explanations given to us and on the basis of our audit procedures, the Company has not availed any term loan during the year.   |
|        | (d) | According to the information and explanations given to us, and the procedures performed by us, and on an overall examination of the financial statements of the Company, we report that no funds raised on short-term basis have been used for long-term purposes by the Company.  |
|        | (e) | According to the information and explanations given to us and on an overall examination of the financial statements of the company, we report that the company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures.   |
|        | (f) | According to the information and explanations given to us and procedures performed by us, we report that the Company has not raised loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies.   |
| (x)    | (a) | The Company has not raised any moneys by way of initial public offer, further public offer (including debt instruments) during the year. Accordingly, the provisions of Clause 3(x)(a) of the Order are not applicable to the Company.   |
|        | (b) | The Company has not made any preferential allotment or private placement of shares or fully or partly or optionally convertible debentures during the year. Accordingly, the provisions of Clause 3(x)(b) of the Order are not applicable to the Company.  |
| (xi)   | (a) | During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud by the Company or on the Company noticed or reported during the year, nor have we been informed of any such case by the Management.  |
|        | (b) | During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, report in the form ADT-4 as specified under sub-section (12) of section 143 of the Companies Act has not been filed. Accordingly reporting under clause 3(xi)(b) of the order is not applicable.   |
|        | (c) | During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us and as represented to us by the management, there are no whistle blower complaints received by the company during the year.   |
| (xii)  |     | As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company.  |
| (xiii) |     | The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of related party transactions have been disclosed in the financial statements as required under Ind AS 24, Related Party Disclosures specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended.   |
| (xiv)  | (a) | In our opinion and based on our examination, the Company has an internal audit system commensurate with the size and nature of its business.   |
|        | (b) | We have considered the internal audit reports of the Company issued till date, for the period under audit.   |
| (xv)   |     | The Company has not entered into any non-cash transactions with its directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.   |



|         |     |  |
|---------|-----|--|
| (xvi)   | (a) | The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi)(a) of the Order are not applicable to the Company.   |
|         | (b) | According to the information and explanations given to us and procedures performed by us, we report that the Company has not conducted any Non-Banking Financial or Housing Finance activities during the year. Therefore reporting under clause 3(xvi)(b) of the order is not applicable.   |
|         | (c) | According to the information and explanations given to us and procedures performed by us, the Company is not Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India, hence reporting under clause 3(xvi)(c) of the order is not applicable.   |
|         | (d) | Based on information and explanation given to us and as represented by the management, the Group has Four Core Investment Companies (CICs) as part of the Group.   |
| (xvii)  |     | The Company has not incurred cash losses during current financial year and had not incurred cash losses during immediately preceding financial year.   |
| (xviii) |     | There has been no resignation by statutory auditors during the year hence reporting under clause 3(xviii) of the order is not applicable.  |
| (xix)   |     | According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the company as and when they fall due. |
| (xx)    | (a) | There are no unspent amounts towards Corporate Social Responsibility (CSR) on other than ongoing projects requiring a transfer to a Fund specified in Schedule VII to the Act in compliance with second proviso to sub-section (5) of Section 135 of the Act. Accordingly, reporting under clause 3(xx)(a) of the Order is not applicable for the year.  |
|         | (b) | In respect of ongoing projects, the Company has ensured that the unspent amount have been transferred to a special account, within a period of thirty days from the end of the financial year in compliance with section 135(6) of the said Act.   |

**For P G BHAGWAT LLP**

Chartered Accountants

Firm Registration Number: 101118W/W100682

**Nachiket Deo**

Partner

Membership Number: 117695

UDIN: 23117695BGXKOS9347

Place: Pune

Date: May 03, 2023

## ANNEXURE B TO THE INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 2 (f) under the heading, "Report on Other legal and Regulatory Requirements" of our report on even date:

### **Report on the Internal Financial Controls with reference to Standalone 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 the Standalone Financial Statements of ISMT Limited ("the Company") as of March 31, 2023 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 controls over financial reporting criteria established by the Company considering the essential components of internal controls 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 Act.

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls with reference to the Standalone Financial Statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. 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 with reference to the Standalone Financial Statements and their operating effectiveness. Our audit of internal financial controls with reference to the Standalone Financial Statements included

obtaining an understanding of internal financial controls with reference to the Standalone Financial Statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal controls 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 Standalone 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 with reference to the Standalone Financial Statements.

#### **Meaning of Internal Financial controls with reference to the Standalone Financial Statements**

A company's internal financial controls with reference to the Standalone 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 controls with reference to the Standalone 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 Standalone 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 with reference to the Standalone Financial Statements**

Because of the inherent limitations of internal financial controls with reference to the Standalone 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 the Standalone Financial Statements to future periods are subject to the risk that the internal financial controls with reference to the Standalone 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, the Company has, in all material respects, adequate internal financial controls with reference to the Standalone Financial Statements and such internal financial controls with reference to the Standalone Financial Statements were operating effectively as at March 31, 2023, based on the internal controls over financial reporting criteria established by the Company considering the essential components of internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For P G BHAGWAT LLP**

Chartered Accountants

Firm Registration Number: 101118W/W100682

**Nachiket Deo**

Partner

Membership Number: 117695

UDIN: 23117695BGXKOS9347

Place: Pune

Date: May 03, 2023

**BALANCE SHEET AS AT MARCH 31, 2023**

Rs. In Crores

| Particulars  | Note No. | As at<br>March 31, 2023 |                 | As at<br>March 31, 2022 |                 |
|--|----------|-------------------------|-----------------|-------------------------|-----------------|
| <b>ASSETS</b>  |          |                         |                 |                         |                 |
| <b>Non - Current Assets</b>                                |          |                         |                 |                         |                 |
| a) Property, Plant and Equipment                           | 1.1      | 982.32                  |                 | 1,079.71                |                 |
| b) Capital Work-in-Progress                                | 1.1      | 19.08                   |                 | 3.57                    |                 |
| c) Financial Assets  |          |                         |                 |                         |                 |
| i) Investments   | 1.2      | 56.79                   |                 | 64.31                   |                 |
| ii) Others Financial Assets                                | 1.3      | 19.26                   |                 | 18.69                   |                 |
| d) Other Non Current Assets                                | 1.4      | 13.96                   |                 | 2.87                    |                 |
| <b>Sub Total</b>   |          |                         | <b>1,091.41</b> |                         | <b>1,169.15</b> |
| <b>Current Assets</b>                                      |          |                         |                 |                         |                 |
| a) Inventories   | 1.5      | 470.28                  |                 | 424.42                  |                 |
| b) Financial Assets  |          |                         |                 |                         |                 |
| i) Trade Receivables                                       | 1.6      | 327.83                  |                 | 303.55                  |                 |
| ii) Cash and Cash Equivalents                              | 1.7      | 25.67                   |                 | 47.70                   |                 |
| iii) Bank Balance other than (ii) above                    | 1.8      | 1.48                    |                 | 2.18                    |                 |
| iv) Loans  | 1.9      | 1.18                    |                 | 1.00                    |                 |
| v) Others Financial Assets                                 | 1.10     | 8.56                    |                 | 7.22                    |                 |
| c) Other Current Assets                                    | 1.11     | 46.29                   |                 | 18.30                   |                 |
| <b>Sub Total</b>   |          |                         | <b>881.29</b>   |                         | <b>804.37</b>   |
| <b>Total Assets</b>  |          |                         | <b>1,972.70</b> |                         | <b>1,973.52</b> |
| <b>EQUITY AND LIABILITIES</b>                              |          |                         |                 |                         |                 |
| <b>EQUITY</b>  |          |                         |                 |                         |                 |
| a) Equity Share Capital                                    | 1.12     | 150.25                  |                 | 150.25                  |                 |
| b) Other Equity  | 1.13     | 1,364.56                |                 | 1,265.53                |                 |
| <b>Total Equity</b>  |          |                         | <b>1,514.81</b> |                         | <b>1,415.78</b> |
| <b>LIABILITIES</b>   |          |                         |                 |                         |                 |
| <b>Non - Current Liabilities</b>                           |          |                         |                 |                         |                 |
| a) Financial Liabilities                                   |          |                         |                 |                         |                 |
| i) Lease Liabilities                                       | 1.14     | 5.69                    |                 | 2.91                    |                 |
| b) Provisions  | 1.15     | 6.74                    |                 | 6.50                    |                 |
| c) Deferred Tax Liabilities                                | 1.16     | 48.13                   |                 | 43.52                   |                 |
| <b>Sub Total</b>   |          |                         | <b>60.56</b>    |                         | <b>52.93</b>    |
| <b>Current Liabilities</b>                                 |          |                         |                 |                         |                 |
| a) Financial Liabilities                                   |          |                         |                 |                         |                 |
| i) Borrowings  | 1.17     | 74.65                   |                 | 201.75                  |                 |
| ii) Lease Liabilities                                      | 1.18     | 1.67                    |                 | 0.70                    |                 |
| iii) Trade and Other Payables                              | 1.19     |                         |                 |                         |                 |
| - Dues of Micro and Small Enterprises                      |          | 14.19                   |                 | 18.49                   |                 |
| - Dues of Creditors other than Micro and Small Enterprises |          | 193.26                  |                 | 194.40                  |                 |
| iv) Other Financial Liabilities                            | 1.20     | 40.71                   |                 | 30.05                   |                 |
| b) Other Current Liabilities                               | 1.21     | 47.83                   |                 | 36.38                   |                 |
| c) Provisions  | 1.22     | 2.17                    |                 | 9.74                    |                 |
| d) Current Tax Liabilities (Net)                           | 1.23     | 22.85                   |                 | 13.30                   |                 |
| <b>Sub Total</b>   |          |                         | <b>397.33</b>   |                         | <b>504.81</b>   |
| <b>Total Equity and Liabilities</b>                        |          |                         | <b>1,972.70</b> |                         | <b>1,973.52</b> |
| Significant Accounting Policies                            | 2        |                         |                 |                         |                 |
| Notes to Accounts  | 3        |                         |                 |                         |                 |

As per our report of even date

**For P G BHAGWAT LLP**

Chartered Accountants

Firm Registration No. 101118W/W100682

**CA Nachiket Deo**

Partner

M. No.117695 M. No.117695

Pune, May 3, 2023

For and on behalf of the Board of Directors

**Nishikant Ektare**

Managing Director

DIN No.: 02109633

**Chetan Nathani**

Company Secretary

FCS No.: 9836

Pune, May 3, 2023

**Rahul Kirloskar**

Chairman

DIN No.: 00007319

**Suresh Patil**

Chief Financial Officer

M. No. 216509

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2023**

Rs. In Crores

| Particulars   | Note No. | 2022-23         |                 | 2021-22  |                 |
|---|----------|-----------------|-----------------|----------|-----------------|
| <b>INCOME</b>   |          |                 |                 |          |                 |
| Revenue from Operations   |          |                 |                 |          |                 |
| <b>Sale of Products</b>   | 1.24     | <b>3,860.01</b> |                 | 3,216.84 |                 |
| Less: Inter Segment Transfers                                   |          | <b>1,230.51</b> |                 | 1,003.79 |                 |
| : Inter Division Transfers                                      |          | <b>95.97</b>    |                 | 89.64    |                 |
| Net Sales   |          |                 | <b>2,533.53</b> |          | 2,123.41        |
| Other Operating Income  | 1.25     |                 | <b>27.78</b>    |          | 29.13           |
| Other Income  | 1.26     |                 | <b>20.39</b>    |          | 18.12           |
| <b>Total Income</b>   |          |                 | <b>2,581.70</b> |          | <b>2,170.66</b> |
| <b>EXPENSES:</b>  |          |                 |                 |          |                 |
| Cost of Materials Consumed                                      | 1.27     |                 | <b>1,380.93</b> |          | 1,283.16        |
| Changes in Inventories of Finished Goods & Work-in-Progress     | 1.28     |                 | <b>(6.28)</b>   |          | (44.58)         |
| Employee Benefits Expense                                       | 1.29     |                 | <b>159.52</b>   |          | 158.84          |
| Finance Costs   | 1.30     |                 | <b>21.24</b>    |          | 12.69           |
| Depreciation  | 1.31     |                 | <b>55.28</b>    |          | 59.93           |
| Other Expenses  | 1.32     |                 | <b>805.93</b>   |          | 694.67          |
| <b>Total Expenses</b>   |          |                 | <b>2,416.62</b> |          | <b>2,164.71</b> |
| <b>Profit / (Loss) Before Exceptional Item and Tax</b>          |          |                 | <b>165.08</b>   |          | 5.95            |
| <b>Exceptional Items (net) (Refer Note 3.16)</b>                |          |                 | <b>7.77</b>     |          | (2,494.10)      |
| <b>Profit / (Loss) Before Tax</b>                               |          |                 | <b>157.31</b>   |          | <b>2,500.05</b> |
| <b>Tax Expenses</b>   |          |                 |                 |          |                 |
| Current Tax   |          |                 | <b>65.80</b>    |          | 17.22           |
| Deferred Tax  |          |                 | <b>3.78</b>     |          | 43.52           |
| Earlier Years Tax   |          |                 | <b>(8.82)</b>   |          | (0.13)          |
| MAT Credit written off  |          |                 | <b>-</b>        |          | 82.05           |
| <b>Profit / (Loss) for the Year</b>                             |          |                 | <b>96.55</b>    |          | <b>2,357.39</b> |
| <b>Other Comprehensive Income</b>                               |          |                 |                 |          |                 |
| <b>a) Items that will not be reclassified to profit or loss</b> |          |                 |                 |          |                 |
| (i) Re-measurement of gain/ (loss) on defined benefit plans     |          |                 | <b>3.31</b>     |          | (7.83)          |
| (ii) Income tax effect on above                                 |          |                 | <b>(0.83)</b>   |          | 1.97            |
| <b>Other Comprehensive Income</b>                               |          |                 | <b>2.48</b>     |          | (5.86)          |
| <b>Total Comprehensive Income for the year</b>                  |          |                 | <b>99.03</b>    |          | <b>2,351.53</b> |
| Earnings Per Share (in Rs.) (Basic and Diluted)                 |          |                 | <b>3.21</b>     |          | 151.32          |
| (Face Value of Rs. 5/- each) (Refer Note No. 3.12)              |          |                 |                 |          |                 |
| Significant Accounting Policies                                 | 2        |                 |                 |          |                 |
| Notes to Accounts   | 3        |                 |                 |          |                 |

As per our report of even date

**For P G BHAGWAT LLP**

Chartered Accountants

Firm Registration No. 101118W/W100682

**CA Nachiket Deo**

Partner

M. No.117695 M. No.117695

Pune, May 3, 2023

For and on behalf of the Board of Directors

**Nishikant Ektare**

Managing Director

DIN No.: 02109633

**Chetan Nathani**

Company Secretary

FCS No.: 9836

Pune, May 3, 2023

**Rahul Kirloskar**

Chairman

DIN No.: 00007319

**Suresh Patil**

Chief Financial Officer

M. No. 216509

**CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2023**

Rs. In Crores

|             |   | 2022-23         | 2021-22           |
|-------------|---|-----------------|-------------------|
| <b>i)</b>   | <b>CASH FLOW FROM OPERATING ACTIVITIES :</b>                  |                 |                   |
|             | Net Profit / (Loss) Before Tax                                | 157.31          | 2,500.05          |
|             | Adjustments for :   |                 |                   |
|             | Depreciation  | 55.28           | 59.93             |
|             | Finance Costs   | 21.24           | 12.69             |
|             | Interest Income   | (3.64)          | (4.36)            |
|             | Excess Provision written back                                 | (1.62)          | (12.42)           |
|             | Exceptional Items (net) (Refer Note No. 3.16)                 | 7.77            | (2,494.10)        |
|             | Claim Receivable Written off                                  | -               | 11.07             |
|             | Unrealised Exchange (Gain) / Loss                             | (1.21)          | 0.52              |
|             | Loss Allowance on Trade Receivables                           | 23.72           | 1.33              |
|             | Loss/ (Profit) on Sale of assets (net) and asset discarded    | (6.45)          | -                 |
|             | Provision for doubtful advances                               | 0.24            | 0.54              |
|             | <b>Operating Cash Profit before Working Capital Changes</b>   | <b>95.33</b>    | <b>(2,424.80)</b> |
|             | Adjustments for working capital changes:                      | 252.64          | 75.25             |
|             | (Increase) / Decrease in trade receivable                     | (46.92)         | (21.11)           |
|             | (Increase) / Decrease in Inventories                          | (45.86)         | (72.86)           |
|             | (Increase) / Decrease in non current financial assets others  | (0.74)          | 9.42              |
|             | (Increase) / Decrease in other non current assets             | 0.37            | 1.10              |
|             | (Increase) / Decrease in current loans                        | (0.18)          | (0.59)            |
|             | (Increase) / Decrease in other current financial assets       | (1.78)          | 9.83              |
|             | (Increase) / Decrease in other current assets                 | (28.07)         | 24.52             |
|             | Increase / (Decrease) in trade payables                       | (3.69)          | 70.32             |
|             | Increase / (Decrease) in other current financial liabilities  | 8.51            | (7.31)            |
|             | Increase / (Decrease) in other current liabilities            | 11.46           | 13.70             |
|             | Increase / (Decrease) in current provisions                   | (4.26)          | 7.00              |
|             | Increase / (Decrease) in non current provisions               | 0.24            | (9.08)            |
|             | Taxes (Paid) / Refund   | (47.42)         | (0.47)            |
|             | <b>Net Cash flow from Operating Activities</b>                | <b>94.30</b>    | <b>99.72</b>      |
| <b>ii)</b>  | <b>CASH FLOW FROM INVESTING ACTIVITIES :</b>                  |                 |                   |
|             | Purchase of Property, Plant and Equipment                     | (35.33)         | (10.54)           |
|             | Sale of Property, Plant and Equipment                         | 65.33           | -                 |
|             | Other Bank balance not considered as cash and cash equivalent | 0.69            | 5.51              |
|             | Interest received   | 3.96            | 4.41              |
|             | Investments   | (0.26)          | (0.47)            |
|             | <b>Net Cash used in Investing Activities</b>                  | <b>34.39</b>    | <b>(1.09)</b>     |
| <b>iii)</b> | <b>CASH FLOW FROM FINANCING ACTIVITIES :</b>                  |                 |                   |
|             | Proceeds from / (Repayment of) Borrowings                     | (127.10)        | (543.70)          |
|             | Payment of Lease Liability                                    | (2.33)          | (2.72)            |
|             | Finance Costs   | (21.29)         | (11.45)           |
|             | Receipt from issue of Preferential Equity Shares              | -               | 476.63            |
|             | <b>Net Cash from Financing Activities</b>                     | <b>(150.72)</b> | <b>(81.24)</b>    |
|             | <b>Net Increase / (Decrease) in Cash and Cash Equivalents</b> | <b>(22.03)</b>  | <b>17.39</b>      |
|             | Cash and Cash Equivalents at the beginning of the year*       | 47.70           | 30.31             |
|             | Cash and Cash Equivalents at the end of the year *            | 25.67           | 47.70             |
|             | <b>Net Increase / (Decrease) in Cash and Cash Equivalents</b> | <b>(22.03)</b>  | <b>17.39</b>      |

Note: The cash flow statement is prepared using the "indirect method" set out in Ind AS 7 "Statement of Cash Flows".

**CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)**

\*Cash and Cash Equivalents comprises the following

| Particulars   | Rs. In Crores           |                         |
|---|-------------------------|-------------------------|
|   | As at<br>March 31, 2023 | As at<br>March 31, 2022 |
| (a) Balance with Banks (in current accounts)          | 25.66                   | 6.67                    |
| (b) Cash on Hand                                      | 0.01                    | 0.02                    |
| (c) Deposits with banks (maturity less than 3 months) | -                       | 41.01                   |
| (d) Money- in- Transit                                | -                       | -                       |
| <b>Cash and Cash Equivalents</b>                      | <b>25.67</b>            | <b>47.70</b>            |

As per our report of even date

**For P G BHAGWAT LLP**

Chartered Accountants

Firm Registration No. 101118W/W100682

**CA Nachiket Deo**

Partner

M. No.117695 M. No.117695

Pune, May 3, 2023

For and on behalf of the Board of Directors

**Nishikant Ektare**

Managing Director

DIN No.: 02109633

**Chetan Nathani**

Company Secretary

FCS No.: 9836

Pune, May 3, 2023

**Rahul Kirloskar**

Chairman

DIN No.: 00007319

**Suresh Patil**

Chief Financial Officer

M. No. 216509



**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2023**
**a) Equity Share Capital (Refer Note No. 1.12)**

Rs. In Crores

| Particulars  | As at March 31, 2023 |               | As at March 31, 2022 |               |
|--|----------------------|---------------|----------------------|---------------|
|  | No. of Shares        | Amount        | No. of Shares        | Amount        |
| Balance at the beginning of the reporting year               | 30,05,01,383         | 150.25        | 14,65,01,383         | 73.25         |
| Add/(Less) : Changes in equity share capital during the year | -                    | -             | 15,40,00,000         | 77.00         |
| <b>Balance as the end of the reporting year</b>              | <b>30,05,01,383</b>  | <b>150.25</b> | <b>30,05,01,383</b>  | <b>150.25</b> |

**b) Other Equity (Refer Note No. 1.13)**

Rs. In Crores

| Particulars   | Reserve & Surplus |                            |                    |                     |                 |                   | Items of Other Comprehensive Income                   | Total             |
|---|-------------------|----------------------------|--------------------|---------------------|-----------------|-------------------|---|-------------------|
|   | Capital Reserve   | Capital Redemption Reserve | Securities Premium | Revaluation Reserve | General Reserve | Retained Earnings | Items that will not be reclassified to Profit or Loss |                   |
|   |                   |                            |                    |                     |                 |                   | Remeasurement of the net defined benefit plans        |                   |
| <b>As at April 1, 2021 (A)</b>                      | <b>6.94</b>       | <b>80.60</b>               | <b>-</b>           | <b>190.84</b>       | <b>439.10</b>   | <b>(2,200.25)</b> | <b>(2.86)</b>   | <b>(1,485.63)</b> |
| <b>Adjustments:</b>                                 |                   |                            |                    |                     |                 |                   |   |                   |
| Add: Transferred to General reserve                 | -                 | -                          | -                  | (3.14)              | 3.14            | -                 | -   | -                 |
| Add: Remeasurement of the net defined benefit plans | -                 | -                          | -                  | -                   | -               | -                 | (5.86)  | (5.86)            |
| Add: Issue of Preferential Equity Shares            | -                 | -                          | 399.63             | -                   | -               | -                 | -   | 399.63            |
| Add: Profit / (Loss) for the year                   | -                 | -                          | -                  | -                   | -               | 2,357.39          | -   | 2,357.39          |
| <b>Total (B)</b>                                    | <b>-</b>          | <b>-</b>                   | <b>399.63</b>      | <b>(3.14)</b>       | <b>3.14</b>     | <b>2,357.39</b>   | <b>(5.86)</b>   | <b>2,751.16</b>   |
| <b>As at March 31, 2022 (C) = (A+B)</b>             | <b>6.94</b>       | <b>80.60</b>               | <b>399.63</b>      | <b>187.70</b>       | <b>442.24</b>   | <b>157.14</b>     | <b>(8.72)</b>   | <b>1,265.53</b>   |
| <b>Adjustments:</b>                                 |                   |                            |                    |                     |                 |                   |   |                   |
| Add: Transferred to General reserve                 | -                 | -                          | -                  | (3.14)              | 3.14            | -                 | -   | -                 |
| Add: Remeasurement of the net defined benefit plans | -                 | -                          | -                  | -                   | -               | -                 | 2.48  | 2.48              |
| Add: Issue of Preferential Equity Shares            | -                 | -                          | -                  | -                   | -               | -                 | -   | -                 |
| Add: Profit / (Loss) for the year                   | -                 | -                          | -                  | -                   | -               | 96.55             | -   | 96.55             |
| <b>Total (D)</b>                                    | <b>-</b>          | <b>-</b>                   | <b>-</b>           | <b>(3.14)</b>       | <b>3.14</b>     | <b>96.55</b>      | <b>2.48</b>   | <b>99.03</b>      |
| <b>As at March 31, 2023 (E) = (C+D)</b>             | <b>6.94</b>       | <b>80.60</b>               | <b>399.63</b>      | <b>184.56</b>       | <b>445.38</b>   | <b>253.69</b>     | <b>(6.24)</b>   | <b>1,364.56</b>   |

As per our report of even date

**For P G BHAGWAT LLP**

Chartered Accountants

Firm Registration No. 101118W/W100682

**CA Nachiket Deo**

Partner

M. No.117695 M. No.117695

Pune, May 3, 2023

For and on behalf of the Board of Directors

**Nishikant Ektare**

Managing Director

DIN No.: 02109633

**Chetan Nathani**

Company Secretary

FCS No.: 9836

Pune, May 3, 2023

**Rahul Kirloskar**

Chairman

DIN No.: 00007319

**Suresh Patil**

Chief Financial Officer

M. No. 216509

## Notes to Financial Statement for the year ended March 31, 2023

### NOTE NO. 1.1 PROPERTY, PLANT AND EQUIPMENT AND CAPITAL WORK IN PROGRESS

#### A) PROPERTY, PLANT AND EQUIPMENT

Rs. In Crores

| Particulars                                   | Land Freehold | Land Leasehold # | Buildings     | Plant and machinery | Furniture and Fixtures | Office Equipment | Vehicles    | ROU of Asset-Building @ | ROU of Asset-Plant & Machinery @ | Total           |
|---|---------------|------------------|---------------|---------------------|------------------------|------------------|-------------|-------------------------|----------------------------------|-----------------|
| <b>Cost or valuation</b>                      |               |                  |               |                     |                        |                  |             |                         |                                  |                 |
| <b>As at April 1, 2021</b>                    | <b>13.47</b>  | <b>217.49</b>    | <b>136.49</b> | <b>1,959.27</b>     | <b>4.89</b>            | <b>13.40</b>     | <b>0.93</b> | <b>2.09</b>             | <b>7.88</b>                      | <b>2,355.91</b> |
| Additions                                     | -             | -                | 0.30          | 17.66               | 0.01                   | 0.46             | 0.21        | 0.61                    | 1.55                             | 20.80           |
| Disposals                                     | -             | -                | -             | -                   | -                      | 0.01             | 0.07        | 2.17                    | 1.24                             | 3.49            |
| <b>As at March 31, 2022</b>                   | <b>13.47</b>  | <b>217.49</b>    | <b>136.79</b> | <b>1,976.93</b>     | <b>4.90</b>            | <b>13.85</b>     | <b>1.07</b> | <b>0.53</b>             | <b>8.19</b>                      | <b>2,373.22</b> |
| Additions                                     | -             | -                | 0.58          | 8.73                | 0.10                   | 2.04             | -           | 5.32                    | -                                | 16.77           |
| Disposals                                     | 11.39         | -                | 6.99          | 286.02              | 0.19                   | 0.14             | -           | -                       | -                                | 304.73          |
| <b>As at March 31, 2023</b>                   | <b>2.08</b>   | <b>217.49</b>    | <b>130.38</b> | <b>1,699.64</b>     | <b>4.81</b>            | <b>15.75</b>     | <b>1.07</b> | <b>5.85</b>             | <b>8.19</b>                      | <b>2,085.26</b> |
| <b>Depreciation</b>                           |               |                  |               |                     |                        |                  |             |                         |                                  |                 |
| <b>As at April 1, 2021</b>                    | <b>-</b>      | <b>21.07</b>     | <b>69.33</b>  | <b>960.86</b>       | <b>4.62</b>            | <b>12.56</b>     | <b>0.74</b> | <b>0.88</b>             | <b>2.93</b>                      | <b>1,072.99</b> |
| Charge for the year                           | -             | 3.23             | 3.98          | 49.79               | 0.02                   | 0.34             | 0.08        | 1.34                    | 1.15                             | 59.93           |
| Disposals                                     | -             | -                | -             | -                   | -                      | 0.01             | 0.05        | 2.03                    | 1.24                             | 3.33            |
| <b>As at March 31, 2022</b>                   | <b>-</b>      | <b>24.30</b>     | <b>73.31</b>  | <b>1,010.65</b>     | <b>4.64</b>            | <b>12.89</b>     | <b>0.77</b> | <b>0.19</b>             | <b>2.84</b>                      | <b>1,129.59</b> |
| Charge for the year                           | -             | 3.23             | 4.04          | 44.91               | 0.03                   | 0.62             | 0.08        | 1.21                    | 1.16                             | 55.28           |
| Disposals                                     | -             | -                | 5.01          | 76.61               | 0.18                   | 0.13             | -           | -                       | -                                | 81.93           |
| <b>As at March 31, 2023</b>                   | <b>-</b>      | <b>27.53</b>     | <b>72.34</b>  | <b>978.95</b>       | <b>4.49</b>            | <b>13.38</b>     | <b>0.85</b> | <b>1.40</b>             | <b>4.00</b>                      | <b>1,102.94</b> |
| <b>Impairment</b>                             |               |                  |               |                     |                        |                  |             |                         |                                  |                 |
| <b>As at April 1, 2021</b>                    | <b>-</b>      | <b>-</b>         | <b>-</b>      | <b>-</b>            | <b>-</b>               | <b>-</b>         | <b>-</b>    | <b>-</b>                | <b>-</b>                         | <b>-</b>        |
| Charge for the year (Refer Note No 3.19 (ii)) | 3.55          | -                | -             | 160.37              | -                      | -                | -           | -                       | -                                | 163.92          |
| Disposals                                     | -             | -                | -             | -                   | -                      | -                | -           | -                       | -                                | -               |
| <b>As at March 31, 2022</b>                   | <b>3.55</b>   | <b>-</b>         | <b>-</b>      | <b>160.37</b>       | <b>-</b>               | <b>-</b>         | <b>-</b>    | <b>-</b>                | <b>-</b>                         | <b>163.92</b>   |
| Charge for the year (Refer Note No 3.19 (ii)) | -             | -                | -             | -                   | -                      | -                | -           | -                       | -                                | -               |
| Disposals                                     | 3.55          | -                | -             | 160.37              | -                      | -                | -           | -                       | -                                | 163.92          |
| <b>As at March 31, 2023</b>                   | <b>-</b>      | <b>-</b>         | <b>-</b>      | <b>-</b>            | <b>-</b>               | <b>-</b>         | <b>-</b>    | <b>-</b>                | <b>-</b>                         | <b>-</b>        |
| <b>Net Block</b>                              |               |                  |               |                     |                        |                  |             |                         |                                  |                 |
| <b>As at March 31, 2022</b>                   | <b>9.92</b>   | <b>193.19</b>    | <b>63.48</b>  | <b>805.91</b>       | <b>0.26</b>            | <b>0.96</b>      | <b>0.30</b> | <b>0.34</b>             | <b>5.35</b>                      | <b>1,079.71</b> |
| <b>As at March 31, 2023</b>                   | <b>2.08</b>   | <b>189.96</b>    | <b>58.04</b>  | <b>720.69</b>       | <b>0.32</b>            | <b>2.37</b>      | <b>0.22</b> | <b>4.45</b>             | <b>4.19</b>                      | <b>982.32</b>   |

# The Company had revalued its Leasehold Land located at Ahmednagar and Baramati in the year 2014-15. Additions so made, due to revaluation, in the leasehold lands amounting to Rs. 210.46 Crores has been credited to Revaluation Reserve in the year 2014-15. Depreciation provided on the revalued amount of Rs. 3.14 Crores (Previous Year Rs. 3.14 Crores) has been transferred from Revaluation Reserve to General Reserve.

@ Refer Note No 3.8 regarding leased assets

Refer No. 1.17 for Property, Plant and Equipment pledged as security with lenders of the Company

Title deeds of immovable properties and lease agreements for the leased premises are held in the name of the Company.

No proceedings have been initiated or pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.

#### B) CAPITAL WORK IN PROGRESS

Rs. In Crores

| Particulars                     | As at April 1, 2021 | Additions   | Transfer     | As at March 31, 2022 | Additions    | Transfer     | As at March 31, 2023 |
|---------------------------------|---------------------|-------------|--------------|----------------------|--------------|--------------|----------------------|
| <b>Capital Work in Progress</b> | <b>12.23</b>        | <b>9.97</b> | <b>18.63</b> | <b>3.57</b>          | <b>26.96</b> | <b>11.45</b> | <b>19.08</b>         |

## Notes to Financial Statement for the year ended March 31, 2023 (Contd.)

### Capital work in progress ageing as at 31 March 2023

Rs. In Crores

| Capital Work in Progress | Amount in CWIP for a period of |           |           |                   | Total |
|--------------------------|--------------------------------|-----------|-----------|-------------------|-------|
|                          | Less than 1 year               | 1-2 years | 2-3 years | more than 3 years |       |
| Project in Progress      | 16.55                          | 1.86      | 0.67      | -                 | 19.08 |

### Capital work in progress ageing as at 31 March 2022

Rs. In Crores

| Capital Work in Progress | Amount in CWIP for a period of |           |           |                   | Total |
|--------------------------|--------------------------------|-----------|-----------|-------------------|-------|
|                          | Less than 1 year               | 1-2 years | 2-3 years | more than 3 years |       |
| Project in Progress      | 3.40                           | -         | 0.17      | -                 | 3.57  |

The Company does not have any project temporary suspended or any project which is overdue or has exceeded its cost compared to its original plan.

### NOTE NO. 1.2 NON CURRENT FINANCIAL ASSETS - INVESTMENTS

Rs. In Crores

| Particulars  | As at<br>March 31, 2023 | As at<br>March 31, 2022 |
|--|-------------------------|-------------------------|
| <b>I) Investment in Equity Instruments-Unquoted</b>  |                         |                         |
| <b>a) In Subsidiary Companies (At Cost)</b>  |                         |                         |
| i) ISMT Enterprises S.A.,Luxembourg<br>8,06,757 (Previous Year 8,06,757) Equity Shares of Euro 10 each fully paid        | 48.43                   | 48.43                   |
| ii) Tridem Port and Power Company Pvt. Ltd<br>25,80,300 (Previous Year 25,80,300) Equity Shares of Rs 10 each fully paid | 2.58                    | 2.58                    |
| iii) Indian Seamless INC. U.S.A.<br>3,17,900 (Previous Year 3,17,900) Equity Shares of USD 1 each fully paid             | 1.78                    | 1.78                    |
| iv) Structo Hydraulics AB, Sweden<br>40,73,627 (Previous Year 40,73,627) Equity Shares of SEK 5 each fully paid          | 16.75                   | 16.75                   |
| <b>Sub Total - I</b>   | <b>69.54</b>            | <b>69.54</b>            |
| <b>II) Investment in Subsidiary – Equity Component (At Cost)</b><br>(Refer Note. No. 3.15)                               | <b>131.81</b>           | <b>131.55</b>           |
| <b>Sub Total - II</b>  | <b>131.81</b>           | <b>131.55</b>           |
| <b>Total Non Current Investment (I+II)</b>   | <b>201.35</b>           | <b>201.09</b>           |
| Less : Provision for Impairment<br>(Refer Note. No. 3.17 & Note No. 3.18)  | 144.56                  | 136.78                  |
| <b>Total Non Current Investment</b>  | <b>56.79</b>            | <b>64.31</b>            |
| Aggregate amount of unquoted non current investments (at cost)   | 201.35                  | 201.09                  |
| Less : Aggregate amount of impairment in value of unquoted non current investments<br>(at cost)                          | 144.56                  | 136.78                  |
| <b>Total Non Current Investment</b>  | <b>56.79</b>            | <b>64.31</b>            |

Refer Note No. 3.22 for Risk management objectives & policies for financial instrument.

### NOTE NO. 1.3 NON CURRENT FINANCIAL ASSETS - OTHERS

Rs. In Crores

| Particulars  | As at<br>March 31, 2023 | As at<br>March 31, 2022 |
|--|-------------------------|-------------------------|
| i) Deposits with Banks (maturity more than 12 months)<br>(Margin Money Deposits against Guarantees / Letter of Credit) | -                       | 0.66                    |
| ii) Security Deposits<br>Unsecured -considered Good  | 19.26                   | 18.03                   |
| <b>Total</b>   | <b>19.26</b>            | <b>18.69</b>            |

Refer Note No. 3.22 for Risk management objectives & policies for financial instrument.

Refer Note No. 3.24 other financial assets are measured at amortised costs.

**Notes to Financial Statement for the year ended March 31, 2023 (Contd.)****NOTE NO. 1.4 NON CURRENT ASSETS - OTHERS****Rs. In Crores**

| Particulars                             | As at<br>March 31, 2023 | As at<br>March 31, 2022 |
|---|-------------------------|-------------------------|
| i) Capital Advances                     | 12.99                   | 1.53                    |
| ii) Balance with Government Authorities | 0.97                    | 1.34                    |
| <b>Total</b>                            | <b>13.96</b>            | <b>2.87</b>             |

**NOTE NO. 1.5 CURRENT ASSETS - INVENTORIES****Rs. In Crores**

| Particulars  | As at<br>March 31, 2023 | As at<br>March 31, 2022 |
|--|-------------------------|-------------------------|
| i) Raw Materials<br>(Includes Goods- in-Transit of Rs. 10.78 Crore, Previous Year Rs. 15.34 Crore)     | 150.68                  | 119.47                  |
| ii) Work-in-progress   | 127.91                  | 110.76                  |
| iii) Finished goods<br>(Includes Goods- in-Transit of Rs. 32.70 Crore , Previous Year Rs. 16.69 Crore) | 88.12                   | 98.99                   |
| iv) Stores, Spares, Tools and Consumables #  | 103.57                  | 95.20                   |
| <b>Total</b>   | <b>470.28</b>           | <b>424.42</b>           |

# net off write -down to net realisable value during the year Rs. Nil (Previous Year Rs. 8.92 Crores)

Inventories are hypothecated against current borrowings refer note no. 1.17.

**NOTE NO. 1.6 CURRENT FINANCIAL ASSETS - TRADE RECEIVABLES****Rs. In Crores**

| Particulars   | As at<br>March 31, 2023 | As at<br>March 31, 2022 |
|---|-------------------------|-------------------------|
| <b>Unsecured</b>  |                         |                         |
| Considered Good   | 368.16                  | 320.17                  |
| Less: Loss Allowance (for expected credit loss under simplified approach) | 40.33                   | 16.62                   |
| <b>Total</b>  | <b>327.83</b>           | <b>303.55</b>           |

**Movement in loss allowance of receivables is as below:****Rs. In Crores**

| Particulars                          | As at<br>March 31, 2023 | As at<br>March 31, 2022 |
|--------------------------------------|-------------------------|-------------------------|
| Balance at the beginning of the year | 16.62                   | 34.96                   |
| Charge/(release) during the year     | 23.71                   | (18.34)                 |
| <b>Total</b>                         | <b>40.33</b>            | <b>16.62</b>            |

**Trade Receivables ageing schedule**

Outstanding for following periods from due date of payment

**Rs. In Crores**

| Particulars   | As at<br>March 31, 2023 | As at<br>March 31, 2022 |
|---|-------------------------|-------------------------|
| (i) <u>Undisputed Trade receivables – considered good</u> |                         |                         |
| Not Due   | 259.21                  | 202.18                  |
| Less than 6 months  | 69.16                   | 89.15                   |
| 6 months - 1 years  | 11.88                   | 14.58                   |
| 1 -2 years  | 14.77                   | 0.42                    |
| 2 -3 years  | 0.13                    | 0.44                    |
| More than 3 years   | 13.01                   | 13.40                   |
|   | 368.16                  | 320.17                  |
| (ii) <u>Disputed Trade receivables – considered good</u>  | -                       | -                       |
| Less: Loss Allowance                                      | 40.33                   | 16.62                   |
| <b>Total</b>  | <b>327.83</b>           | <b>303.55</b>           |

**Notes to Financial Statement for the year ended March 31, 2023 (Contd.)**

There are no trade receivables having significant increase in credit risk or which are credit impaired as at March 31, 2023 (Rs Nil as at March 31, 2022)

There are no dues from directors or other officers of the company or any of them either severally or jointly with any other person or debts dues from firms or private companies respectively in which any director is a partner or a director or a member.

Trade receivables are measured at amortized costs.

Refer Note No. 3.22 for Credit Risk of trade receivables.

**NOTE NO. 1.7 CURRENT FINANCIAL ASSETS - CASH AND CASH EQUIVALENTS****Rs. In Crores**

| Particulars  | As at<br>March 31, 2023 | As at<br>March 31, 2022 |
|--|-------------------------|-------------------------|
| <b>Cash and Cash Equivalents</b>                       |                         |                         |
| i) Balances with Banks in current accounts             | 25.66                   | 6.67                    |
| ii) Cash on Hand                                       | 0.01                    | 0.02                    |
| iii) Deposits with Banks (maturity less than 3 months) | -                       | 41.01                   |
| <b>Total</b>   | <b>25.67</b>            | <b>47.70</b>            |

**NOTE NO. 1.8 CURRENT FINANCIAL ASSETS - BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS****Rs. In Crores**

| Particulars  | As at<br>March 31, 2023 | As at<br>March 31, 2022 |
|--|-------------------------|-------------------------|
| Deposits with Banks (maturity more than 3 months but less than 12 months.) | 1.48                    | 2.18                    |
| <b>Total</b>   | <b>1.48</b>             | <b>2.18</b>             |
| <b>Deposits with Banks includes:</b>                                       |                         |                         |
| Margin Money Deposits against Guarantees / Letter of Credit                | 1.48                    | 2.18                    |

**NOTE NO. 1.9 CURRENT FINANCIAL ASSETS - LOANS****Rs. In Crores**

| Particulars                       | As at<br>March 31, 2023 | As at<br>March 31, 2022 |
|-----------------------------------|-------------------------|-------------------------|
| <b>Unsecured, Considered Good</b> |                         |                         |
| Loans to Employees                | 1.18                    | 1.00                    |
| <b>Total</b>                      | <b>1.18</b>             | <b>1.00</b>             |

**NOTE NO. 1.10 CURRENT FINANCIAL ASSETS - OTHERS (UNSECURED, CONSIDERED GOOD)****Rs. In Crores**

| Particulars                                       | As at<br>March 31, 2023 | As at<br>March 31, 2022 |
|---|-------------------------|-------------------------|
| i) Security Deposits                              | 1.85                    | 0.79                    |
| ii) Refund Receivable from Government Authorities | 1.30                    | 1.30                    |
| iii) Interest Receivables                         | 0.40                    | 0.71                    |
| iv) Other Receivables                             | 5.01                    | 4.42                    |
| <b>Total</b>                                      | <b>8.56</b>             | <b>7.22</b>             |

**NOTE NO. 1.11 OTHER CURRENT ASSETS****Rs. In Crores**

| Particulars   | As at<br>March 31, 2023 | As at<br>March 31, 2022 |
|---|-------------------------|-------------------------|
| i) Balance with Custom and GST                      | 1.58                    | 2.84                    |
| ii) Export Incentives Receivables                   | 0.54                    | 0.29                    |
| iii) Prepaid Expenses                               | 4.74                    | 5.25                    |
| iv) Employee Benefits (Defined Benefit Plan Assets) | 1.95                    | -                       |
| v) Advance to Suppliers                             | 34.86                   | 6.67                    |
| vi) Others  | 2.62                    | 3.25                    |
| <b>Total</b>  | <b>46.29</b>            | <b>18.30</b>            |

## Notes to Financial Statement for the year ended March 31, 2023 (Contd.)

### NOTE NO. 1.12 EQUITY SHARE CAPITAL

Rs. In Crores

| Particulars  | As at<br>March 31, 2023 | As at<br>March 31, 2022 |
|--|-------------------------|-------------------------|
| <b>Authorised</b>  |                         |                         |
| 31,70,00,000 (Previous Year 31,70,00,000) Equity Shares of Rs.5/- each.            | <b>158.50</b>           | 158.50                  |
|  | <b>158.50</b>           | 158.50                  |
| <b>Issued, Subscribed and fully Paid up:</b>                                       |                         |                         |
| 30,05,01,383 (Previous Year 30,05,01,383) Equity Shares of Rs 5/- each fully paid. | <b>150.25</b>           | 150.25                  |

The Company has only one class of issued shares having par value of Rs. 5 /- each holder of equity shares is entitled to one vote per share and has a right to receive dividend as recommended by Board of Directors subject to necessary approvals.

The reconciliation of number of shares outstanding and the amount of share capital is set-out below.

| Particulars                                     | As at March 31, 2023    |               | As at March 31, 2022    |               |
|---|-------------------------|---------------|-------------------------|---------------|
|   | Equity Shares<br>Number | Rs. in Crores | Equity Shares<br>Number | Rs. in Crores |
| Shares outstanding at the beginning of the year | 30,05,01,383            | 150.25        | 14,65,01,383            | 73.25         |
| Shares issued during the year                   | -                       | -             | 15,40,00,000            | 77.00         |
| Shares bought back during the year              | -                       | -             | -                       | -             |
| Shares outstanding at the end of the year       | 30,05,01,383            | 150.25        | 30,05,01,383            | 150.25        |

The details of Shares held by its Holding Company

| Name of Shareholders                                      | As at March 31, 2023  |              | As at March 31, 2022  |              |
|---|-----------------------|--------------|-----------------------|--------------|
|   | No. of Shares<br>held | % of Holding | No. of Shares<br>held | % of Holding |
| Kirloskar Ferrous Industries Limited (KFIL)               | 15,40,05,747          | 51.25%       | 15,40,00,000          | 51.25%       |
| Kirloskar Industries Limited {KIL (Ultimate Holding Co.)} | 1,50,00,000           | 4.99%        | -                     | -            |

The details of shareholders holding more than 5% shares.

| Name of Shareholders   | As at March 31, 2023  |              | As at March 31, 2022  |              |
|--|-----------------------|--------------|-----------------------|--------------|
|  | No. of Shares<br>held | % of Holding | No. of Shares<br>held | % of Holding |
| Kirloskar Ferrous Industries Limited (KFIL)                          | 15,40,05,747          | 51.25%       | 15,40,00,000          | 51.25%       |
| Asscher Enterprises Ltd. (formerly Indian Seamless Enterprises Ltd.) | 5,40,20,151           | 17.98%       | 6,90,20,151           | 22.97%       |

During the period of five years immediately preceding the balance sheet date, there are no shares issued without payment being received in cash, issued as bonus shares and shares bought back by the Company.

**Notes to Financial Statement for the year ended March 31, 2023 (Contd.)****Shareholding Pattern of Promoters :**

| Promoter Name  | As at March 31, 2023 |              |                           | As at March 31, 2022 |              |                           |
|--|----------------------|--------------|---------------------------|----------------------|--------------|---------------------------|
|  | No of Shares         | % of Holding | % changes during the year | No of Shares         | % of Holding | % changes during the year |
| <b>Promoter</b>  |                      |              |                           |                      |              |                           |
| Kirloskar Ferrous Industries Limited                                 | 15,40,05,747         | 51.25%       | 0.00%                     | 15,40,00,000         | 51.25%       | 51.25%                    |
| Asscher Enterprises Ltd. (formerly Indian Seamless Enterprises Ltd.) | 5,40,20,151          | 17.98%       | -4.99%                    | 6,90,20,151          | 22.97%       | -51.25%                   |
| Baldevraj Topanram Taneja  | 1,45,534             | 0.05%        | 0.00%                     | 1,45,534             | 0.05%        | -51.25%                   |
| Savitri Devi Sureka  | 99,834               | 0.03%        | 0.00%                     | 99,834               | 0.03%        | -51.25%                   |
| <b>Promoter Group</b>  |                      |              |                           |                      |              |                           |
| Kirloskar Industries Limited   | 1,50,00,000          | 4.99%        | 4.99%                     | -                    | -            | -                         |
| Misrilall Mines Private Limited                                      | 6,01,197             | 0.20%        | 0.00%                     | 6,01,197             | 0.20%        | -51.25%                   |
| Satya Leasing Company Limited  | 4,24,899             | 0.14%        | 0.00%                     | 4,24,899             | 0.14%        | -31.87%                   |
| B R Taneja (HUF)   | 3,14,800             | 0.10%        | 0.00%                     | 3,14,800             | 0.10%        | -51.25%                   |
| Ramesh Sureka  | 1,32,155             | 0.04%        | 0.00%                     | 1,32,155             | 0.04%        | -51.25%                   |
| Shentracon Finalease Private Limited                                 | 1,14,802             | 0.04%        | 0.00%                     | 1,14,802             | 0.04%        | -51.25%                   |
| Priti A Sureka   | 1,05,967             | 0.04%        | 0.00%                     | 1,05,967             | 0.04%        | -51.25%                   |
| Jagdish Prasad Sureka (HUF)  | 79,932               | 0.03%        | 0.00%                     | 79,932               | 0.03%        | -51.25%                   |
| Alka Mehta   | 73,473               | 0.02%        | 0.00%                     | 73,473               | 0.02%        | -51.25%                   |
| Shentracon Holdings Private Limited                                  | 58,543               | 0.02%        | 0.00%                     | 58,543               | 0.02%        | -51.25%                   |
| Misrilall Properties Pvt Ltd   | 23,527               | 0.01%        | 0.00%                     | 23,527               | 0.01%        | -51.25%                   |
| Avishi Sureka  | 10,000               | 0.00%        | 0.00%                     | 10,000               | 0.00%        | -51.25%                   |
| Rohin Raj Sureka   | 10,000               | 0.00%        | 0.00%                     | 10,000               | 0.00%        | -51.25%                   |
| Laurus Tradecon Pvt Ltd  | 300                  | 0.00%        | 0.00%                     | 300                  | 0.00%        | -51.25%                   |

Note : Aforesaid change in % share holdings in previous year is due to preferential allotment of equity shares to Kirloskar Ferrous Industries Limited equivalent to 51.25 % of post issue paid up share capital on March 10,2022.



## Notes to Financial Statement for the year ended March 31, 2023 (Contd.)

### NOTE NO. 1.13 OTHER EQUITY

Rs. In Crores

| Particulars   | Reserve and Surplus |                            |                       |                    |                 |                   | Items of Other Comprehensive Income                   | Total      |
|---|---------------------|----------------------------|-----------------------|--------------------|-----------------|-------------------|---|------------|
|   |                     |                            |                       |                    |                 |                   | Items that will not be reclassified to profit or Loss |            |
|   | Capital Reserve     | Capital Redemption Reserve | Revaluation Reserve * | Securities Premium | General Reserve | Retained Earnings | Re-measurement of the net defined benefit plans       |            |
| As at April 1, 2021 (A)                             | 6.94                | 80.60                      | 190.84                | -                  | 439.10          | (2,200.25)        | (2.86)  | (1,485.63) |
| Adjustments:  |                     |                            |                       |                    |                 |                   |   |            |
| Add : Transferred to General Reserves               | -                   | -                          | (3.14)                | -                  | 3.14            | -                 | -   | -          |
| Add: Remeasurement of the net defined benefit plans | -                   | -                          | -                     | -                  | -               | -                 | (5.86)  | (5.86)     |
| Add: Issue of Preferential Equity Shares            | -                   | -                          | -                     | 399.63             | -               | -                 | -   | 399.63     |
| Add: Profit / (Loss) for the year                   | -                   | -                          | -                     | -                  | -               | 2,357.39          | -   | 2,357.39   |
| <b>Total (B)</b>                                    | -                   | -                          | (3.14)                | 399.63             | 3.14            | 2,357.39          | (5.86)  | 2,751.16   |
| As at March 31, 2022 (C) = (A) + (B)                | 6.94                | 80.60                      | 187.70                | 399.63             | 442.24          | 157.14            | (8.72)  | 1,265.53   |
| Adjustments:  |                     |                            |                       |                    |                 |                   |   |            |
| Add : Transferred to General Reserves               | -                   | -                          | (3.14)                | -                  | 3.14            | -                 | -   | -          |
| Add: Remeasurement of the net defined benefit plans | -                   | -                          | -                     | -                  | -               | -                 | 2.48  | 2.48       |
| Add: Issue of Preferential Equity Shares            | -                   | -                          | -                     | -                  | -               | -                 | -   | -          |
| Add: Profit / (Loss) for the year                   | -                   | -                          | -                     | -                  | -               | 96.55             | -   | 96.55      |
| <b>Total (D)</b>                                    | -                   | -                          | (3.14)                | -                  | 3.14            | 96.55             | 2.48  | 99.03      |
| As at March 31, 2023 (E) = (C) + (D)                | 6.94                | 80.60                      | 184.56                | 399.63             | 445.38          | 253.69            | (6.24)  | 1,364.56   |

#### NATURE AND PURPOSE OF RESERVES

##### A Capital Reserve

Represents application money on Equity Share Warrants not exercised.

##### B Capital Redemption Reserve

Represents Reserve created at the time of redemption of Preference Shares.

##### C Revaluation Reserve

Represents revaluation of Leasehold Land located at Ahmednagar and Baramati.

The Company has continued disclosure of revaluation reserve separately considering provision of Companies Act 2013.

##### D Securities Premium

Represents premium on preferential allotment of Equity Shares

##### E General Reserve

Represents profit transferred from Statement of Profit and Loss Account and are available for distribution to Shareholders.

##### F Retained Earnings

Represents Net Profit earned by the Company as on March 31, 2023.

\* The Company has continued disclosure of revaluation reserve separately considering provision of Companies Act, 2013

**Notes to Financial Statement for the year ended March 31, 2023 (Contd.)****NOTE NO. 1.14 NON CURRENT FINANCIAL LIABILITIES - OTHERS****Rs. In Crores**

| Particulars                              | As at<br>March 31, 2023 | As at<br>March 31, 2022 |
|--|-------------------------|-------------------------|
| Lease Liabilities<br>(Refer Note No.3.8) | 5.69                    | 2.91                    |
| <b>Total</b>                             | <b>5.69</b>             | <b>2.91</b>             |

**NOTE NO. 1.15 NON CURRENT LIABILITIES - PROVISIONS****Rs. In Crores**

| Particulars   | As at<br>March 31, 2023 | As at<br>March 31, 2022 |
|---|-------------------------|-------------------------|
| Provision for Employee Benefits<br>Leave Encashment | 6.74                    | 6.50                    |
| <b>Total</b>  | <b>6.74</b>             | <b>6.50</b>             |

**NOTE NO. 1.16 DEFERRED TAX LIABILITIES (NET)****Rs. In Crores**

| Particulars  | As at<br>March 31, 2023 | As at<br>March 31, 2022 |
|--|-------------------------|-------------------------|
| <b>i) Deferred Tax Liabilities</b>   |                         |                         |
| Depreciation   | 100.26                  | 127.62                  |
| <b>Total</b>   | <b>100.26</b>           | <b>127.62</b>           |
| <b>ii) Deferred Tax Assets</b>   |                         |                         |
| a) Provision for Impairment in Value of Investment in Subsidiaries   | 36.38                   | 34.42                   |
| b) Provision for Impairment in Value of PPE  | -                       | 41.26                   |
| c) Deduction eligible in future period in respect of expenses already debited to the statement of Profit and Loss and OCI. | 15.75                   | 8.42                    |
| <b>Total</b>   | <b>52.13</b>            | <b>84.10</b>            |
| <b>Deferred Tax Liabilities (Net)</b>  | <b>48.13</b>            | <b>43.52</b>            |

**NOTE NO. 1.17 CURRENT FINANCIAL LIABILITIES - BORROWINGS****Rs. In Crores**

| Particulars             | As at<br>March 31, 2023 | As at<br>March 31, 2022 |
|-------------------------|-------------------------|-------------------------|
| <b>Secured</b>          |                         |                         |
| i) Loans from Banks     | 68.90                   | -                       |
| <b>Unsecured</b>        |                         |                         |
| i) Holding Company      | -                       | 194.00                  |
| ii) Associate Company * | 5.75                    | 7.75                    |
| <b>Total</b>            | <b>74.65</b>            | <b>201.75</b>           |

**Security**

- Working Capital Borrowings from Banks is secured by hypothecation in respect of current assets of the company present and future. The company's fund and non-fund based limit is Rs. 530 Crores out of which utilised limit is Rs. 123.17 Crores.
- Unsecured Loan of Rs. 194.00 Crore received in previous year from Holding Company (KFIL) is for utilisation towards Settlement of the debt in terms of OTS Agreement. The amount is repaid along with interest accrued up to the date of repayment at 9 % p.a..

Borrowings from Banks have been utilised for the purpose for which it were taken.

The Company has not defaulted in repayment of borrowings and interest thereon during the year.

The Company has not been declared as wilful defaulter by any bank.

\* Asscher Enterprises Ltd. (Formerly Indian Seamless Enterprises Ltd.) (Upto November 24, 2022)

## Notes to Financial Statement for the year ended March 31, 2023 (Contd.)

### Reconciliation of Quarterly returns filled with Banks

| Name of Bank        | Aggregate working capital limits sanctioned (Rs. in Crore) | Nature of Current Asset offered as Security | Quarter ended | Amount disclosed as per quarterly return/ statement (Rs. in crore) | Amount as per books of account (Rs.in crore) | Difference (Rs. in crore) | Reasons for difference  |
|---------------------|--|---|---------------|--|--|---------------------------|---|
| Axis Bank           | 175  | Refer note below                            | 30-Sep-22     | 562.91   | 563.29                                       | -0.38                     | Inventory of CPP of Rs. 0.38 crores is not considered while making submission of return to bank |
| ICICI Bank          | 210  | Refer note below                            | 30-Sep-22     | 562.91   | 563.29                                       | -0.38                     | Inventory of CPP of Rs. 0.38 crores is not considered while making submission of return to bank |
| Axis Bank           | 175  | Refer note below                            | 31-Dec-22     | 463.36   | 463.75                                       | -0.38                     | Inventory of CPP of Rs. 0.38 crores is not considered while making submission of return to bank |
| ICICI Bank          | 210  | Refer note below                            | 31-Dec-22     | 463.36   | 463.75                                       | -0.38                     | Inventory of CPP of Rs. 0.38 crores is not considered while making submission of return to bank |
| Kotak Mahindra Bank | 145  | Refer note below                            | 31-Dec-22     | 481.28   | 481.66                                       | -0.38                     | Inventory of CPP of Rs. 0.38 crores is not considered while making submission of return to bank |
| Axis Bank           | 175  | Refer note below                            | 31-Mar-23     | The Company has not yet submitted quarterly return for quarter IV. |  |                           |   |
| ICICI Bank          | 210  | Refer note below                            | 31-Mar-23     |  |  |                           |   |
| Kotak Mahindra Bank | 145  | Refer note below                            | 31-Mar-23     |  |  |                           |   |

The current assets and receivables have been hereby hypothecated as and by way of first charge and shall rank pari-pasu with charge created.

### NOTE NO. 1.18 CURRENT FINANCIAL LIABILITIES - LEASE LIABILITIES

Rs. In Crores

| Particulars                              | As at<br>March 31, 2023 | As at<br>March 31, 2022 |
|--|-------------------------|-------------------------|
| i) Lease Liabilities (Refer Note No 3.8) | 1.67                    | 0.70                    |
| <b>Total</b>                             | <b>1.67</b>             | <b>0.70</b>             |

### NOTE NO. 1.19 CURRENT FINANCIAL LIABILITIES - TRADE PAYABLES

Rs. In Crores

| Particulars  | As at<br>March 31, 2023 | As at<br>March 31, 2022 |
|--|-------------------------|-------------------------|
| <b>Acceptances</b>   | <b>54.27</b>            | <b>-</b>                |
| <b>Other Trade Payables</b>                                  |                         |                         |
| i) Dues of Micro and Small Enterprises (Refer Note No.3.7)   | 14.19                   | 18.49                   |
| ii) Dues of Creditors other than Micro and Small Enterprises | 138.99                  | 194.40                  |
| <b>Total</b>   | <b>207.45</b>           | <b>212.89</b>           |

**Notes to Financial Statement for the year ended March 31, 2023 (Contd.)**
**Trade Payable Ageing as at March 31, 2023**
**Rs. In Crores**

| Particulars                 | Outstanding for following periods Particulars from due date of payment |                  |             |             |                   |               |
|-----------------------------|--|------------------|-------------|-------------|-------------------|---------------|
|                             | Not Due  | Less than 1 year | 1-2 years   | 2-3 years   | More than 3 years | Total         |
| (i) MSME                    | 7.99   | 6.20             | -           | -           | -                 | 14.19         |
| (ii) Others                 | 78.35  | 57.95            | 0.04        | 1.34        | 1.45              | 139.13        |
| (iii) Disputed dues - MSME  | -  | -                | -           | -           | -                 | -             |
| (iv) Disputed dues - Others | -  | -                | -           | -           | 0.32              | 0.32          |
|                             | <b>86.34</b>   | <b>64.15</b>     | <b>0.04</b> | <b>1.34</b> | <b>1.77</b>       | <b>153.64</b> |
| Unbilled Dues               |  |                  |             |             |                   | 53.81         |
| <b>Total</b>                | <b>86.34</b>   | <b>64.15</b>     | <b>0.04</b> | <b>1.34</b> | <b>1.77</b>       | <b>207.45</b> |

**Trade Payable Ageing as at March 31, 2022**
**Rs. In Crores**

| Particulars                 | Outstanding for following periods Particulars from due date of payment |                  |             |             |                   |               |
|-----------------------------|--|------------------|-------------|-------------|-------------------|---------------|
|                             | Not Due  | Less than 1 year | 1-2 years   | 2-3 years   | More than 3 years | Total         |
| (i) MSME                    | 9.19   | 8.86             | 0.40        | 0.04        | -                 | 18.49         |
| (ii) Others                 | 55.00  | 100.06           | 1.24        | 0.75        | 2.01              | 159.06        |
| (iii) Disputed dues - MSME  | -  | -                | -           | -           | -                 | -             |
| (iv) Disputed dues - Others | -  | -                | -           | -           | 0.32              | 0.32          |
|                             | <b>64.19</b>   | <b>108.92</b>    | <b>1.64</b> | <b>0.79</b> | <b>2.33</b>       | <b>177.87</b> |
| Unbilled Dues               |  |                  |             |             |                   | 35.02         |
| <b>Total</b>                | <b>64.19</b>   | <b>108.92</b>    | <b>1.64</b> | <b>0.79</b> | <b>2.33</b>       | <b>212.89</b> |

**NOTE NO. 1.20 CURRENT FINANCIAL LIABILITIES - OTHERS**
**Rs. In Crores**

| Particulars                                  | As at March 31, 2023 | As at March 31, 2022 |
|--|----------------------|----------------------|
| <b>a) Unsecured</b>                          |                      |                      |
| Interest accrued but not due on borrowings   | -                    | 0.94                 |
| <b>b) Other Payables – Capital creditors</b> | <b>4.53</b>          | <b>1.45</b>          |
| <b>c) Provision for Expenses</b>             | <b>5.30</b>          | <b>5.05</b>          |
| <b>d) Employee Benefit Payables</b>          | <b>20.52</b>         | <b>14.15</b>         |
| <b>e) Other Liabilities</b>                  | <b>10.36</b>         | <b>8.46</b>          |
| <b>Total</b>                                 | <b>40.71</b>         | <b>30.05</b>         |

**NOTE NO. 1.21 OTHER CURRENT LIABILITIES**
**Rs. In Crores**

| Particulars                | As at March 31, 2023 | As at March 31, 2022 |
|----------------------------|----------------------|----------------------|
| i) Advances From Customers | <b>36.86</b>         | 27.89                |
| ii) Statutory Liabilities  | <b>10.89</b>         | 8.49                 |
| iii) Others                | <b>0.08</b>          | -                    |
| <b>Total</b>               | <b>47.83</b>         | <b>36.38</b>         |

**Notes to Financial Statement for the year ended March 31, 2023 (Contd.)****NOTE NO. 1.22 CURRENT LIABILITIES - PROVISIONS****Rs. In Crores**

| Particulars                            | As at<br>March 31, 2023 | As at<br>March 31, 2022 |
|--|-------------------------|-------------------------|
| <b>Provision for Employee Benefits</b> |                         |                         |
| i) Gratuity                            | -                       | 4.93                    |
| ii) Leave Encashment                   | 1.89                    | 2.81                    |
| iii) Superannuation                    | 0.28                    | 2.00                    |
| <b>Total</b>                           | <b>2.17</b>             | <b>9.74</b>             |

**NOTE NO. 1.23 CURRENT TAX LIABILITIES (NET)****Rs. In Crores**

| Particulars       | As at<br>March 31, 2023 | As at<br>March 31, 2022 |
|-------------------|-------------------------|-------------------------|
| Provision for Tax | 81.04                   | 15.25                   |
| Less: Taxes Paid  | 58.19                   | 1.95                    |
| <b>Total</b>      | <b>22.85</b>            | <b>13.30</b>            |

**NOTE NO. 1.24 REVENUE FROM OPERATIONS****SALE OF PRODUCTS****Rs. In Crores**

| Particulars                                   | 2022-23         | 2021-22         |
|---|-----------------|-----------------|
| i) Tube (Including Inter Division Transfers)  | 2,073.43        | 1,592.51        |
| ii) Steel (Including Inter Segment Transfers) | 1,786.58        | 1,624.33        |
| <b>Gross Sales</b>                            | <b>3,860.01</b> | <b>3,216.84</b> |

**NOTE NO. 1.25 OTHER OPERATING REVENUE (GROSS)****Rs. In Crores**

| Particulars                     | 2022-23 |              | 2021-22 |              |
|---------------------------------|---------|--------------|---------|--------------|
| <b>Other Operating Revenues</b> |         |              |         |              |
| i) Sale of Scrap (Gross)        | 114.42  |              | 77.74   |              |
| Less : Inter Segment Transfers  | 90.74   |              | 51.05   |              |
|                                 |         | 23.68        |         | 26.69        |
| ii) Export Incentives           |         | 4.10         |         | 2.44         |
| <b>Total</b>                    |         | <b>27.78</b> |         | <b>29.13</b> |

**NOTE NO. 1.26 OTHER INCOME****Rs. In Crores**

| Particulars   | 2022-23      | 2021-22      |
|---|--------------|--------------|
| i) Interest Income<br>(Refer Note. No. 3.21)                            | 3.11         | 2.70         |
| ii) Interest Income on financial instruments measured at amortised cost | 0.54         | 1.66         |
| iii) Government Grant-Sales Tax Deferral                                | -            | 0.01         |
| iv) Foreign Exchange Gain (Net)   | 6.06         | 0.22         |
| v) Profit on Sale of Assets   | 6.45         | -            |
| vi) Miscellaneous Income<br>(Refer Note. No. 3.13)                      | 4.23         | 13.53        |
| <b>Total</b>  | <b>20.39</b> | <b>18.12</b> |

**Notes to Financial Statement for the year ended March 31, 2023 (Contd.)****NOTE NO. 1.27 COST OF MATERIAL CONSUMED**

|                                      | <b>Rs. In Crores</b> |                 |
|--------------------------------------|----------------------|-----------------|
| <b>Particulars</b>                   | <b>2022-23</b>       | <b>2021-22</b>  |
| Opening Stock                        | 119.47               | 89.67           |
| Add : Purchases made during the year | 1,412.14             | 1,312.96        |
|                                      | 1,531.61             | 1,402.63        |
| Less : Closing Stock                 | 150.68               | 119.47          |
| <b>Total</b>                         | <b>1,380.93</b>      | <b>1,283.16</b> |

**MATERIAL CONSUMED**

|                                     | <b>Rs. In Crores</b> |                 |
|-------------------------------------|----------------------|-----------------|
| <b>Particulars</b>                  | <b>2022-23</b>       | <b>2021-22</b>  |
| <b>Tube Segment</b>                 |                      |                 |
| Steel Bars                          | 1,410.90             | 1,167.45        |
| Less : Inter Segment Transfer       | 1,230.51             | 997.77          |
| Net Consumption                     | 180.39               | 169.68          |
| <b>Steel Segment</b>                |                      |                 |
| i) Pig & Sponge Iron, DRI and Scrap | 1,114.30             | 1,029.44        |
| ii) Ferro Alloys                    | 176.98               | 135.09          |
|                                     | 1,291.28             | 1,164.53        |
| Less : Inter Segment Transfer       | 90.74                | 51.05           |
| Net Consumption                     | 1,200.54             | 1,113.48        |
| <b>Total Material Consumed</b>      | <b>1,380.93</b>      | <b>1,283.16</b> |

**NOTE NO. 1.28 CHANGE IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS**

|  | <b>Rs. In Crores</b> |                |
|--|----------------------|----------------|
| <b>Particulars</b>                         | <b>2022-23</b>       | <b>2021-22</b> |
| <b>Closing Stock</b>                       |                      |                |
| i) Finished goods                          | 88.12                | 98.99          |
| ii) Work-in-Progress                       | 127.91               | 110.76         |
| <b>Total</b>                               | <b>216.03</b>        | <b>209.75</b>  |
| <b>Opening Stock</b>                       |                      |                |
| i) Finished goods                          | 98.99                | 82.36          |
| ii) Work-in-Progress                       | 110.76               | 82.81          |
| <b>Total</b>                               | <b>209.75</b>        | <b>165.17</b>  |
| <b>(Increase)/ Decrease in Inventories</b> |                      |                |
| i) Finished Goods                          | 10.87                | (16.63)        |
| ii) Work-in-Progress                       | (17.15)              | (27.95)        |
| <b>Total</b>                               | <b>(6.28)</b>        | <b>(44.58)</b> |

**Notes to Financial Statement for the year ended March 31, 2023 (Contd.)****PRODUCTWISE DETAILS OF CLOSING FINISHED GOODS AND WORK-IN-PROGRESS****Rs. In Crores**

| Particulars                 | 2022-23       | 2021-22       |
|-----------------------------|---------------|---------------|
| <b>a) Finished Goods</b>    |               |               |
| i) Tube                     | 73.77         | 66.56         |
| ii) Steel                   | 14.35         | 32.43         |
| <b>Total</b>                | <b>88.12</b>  | <b>98.99</b>  |
| <b>b) Work -in Progress</b> |               |               |
| i) Tube                     | 93.34         | 102.97        |
| ii) Steel                   | 34.57         | 7.79          |
| <b>Total</b>                | <b>127.91</b> | <b>110.76</b> |

**NOTE NO. 1.29 EMPLOYEE BENEFITS EXPENSE****Rs. In Crores**

| Particulars   | 2022-23       | 2021-22       |
|---|---------------|---------------|
| i) Salaries, Wages, Bonus and Allowances #          | 135.95        | 131.20        |
| ii) Contributions to Provident Fund & Other Funds # | 13.67         | 18.32         |
| iii) Staff Welfare Expenses                         | 9.90          | 9.32          |
| <b>Total</b>  | <b>159.52</b> | <b>158.84</b> |

# includes remuneration (including other benefits) payable to Erstwhile Managing Director for the period ended March 10, 2022 amounting to Rs. Nil (Previous Year of Rs. 2.61 Crores) and remuneration payable to Erstwhile Non- Executive Directors amounting to Rs Nil (Previous Year Rs. 0.40 Crores) is subject to approval of appropriate authorities.

**NOTE NO. 1.30 FINANCE COSTS****Rs. In Crores**

| Particulars                   | 2022-23 |              | 2021-22 |              |
|-------------------------------|---------|--------------|---------|--------------|
| i) Interest Expenses          |         |              |         |              |
| a) Term Loans                 | -       |              | -       |              |
| b) Working Capital and others | 17.21   |              | 10.16   |              |
|                               |         | 17.21        |         | 10.16        |
| ii) Other Finance Costs *     |         | 4.03         |         | 2.53         |
| <b>Total</b>                  |         | <b>21.24</b> |         | <b>12.69</b> |

\* Net of interest cost on Employee Defined Benefits Plan- gain of Rs. 0.09 Crores (Previous Year loss of Rs. 0.18 Crores).

**NOTE NO. 1.31 DEPRECIATION****Rs. In Crores**

| Particulars               | 2022-23      | 2021-22      |
|---------------------------|--------------|--------------|
| Depreciation for the year | 55.28        | 59.93        |
| <b>Total</b>              | <b>55.28</b> | <b>59.93</b> |



**Notes to Financial Statement for the year ended March 31, 2023 (Contd.)****NOTE NO. 1.32 OTHER EXPENSES****Rs. In Crores**

| Particulars                                   | 2022-23 |               | 2021-22 |               |
|---|---------|---------------|---------|---------------|
| <b>i) Materials</b>                           |         |               |         |               |
| a) Stores and Spares                          | 92.56   |               | 82.71   |               |
| b) Consumables                                | 135.02  | 227.58        | 107.93  | 190.64        |
| <b>ii) Energy</b>                             |         |               |         |               |
| a) Power Charges                              | 266.10  |               | 230.03  |               |
| b) Fuel                                       | 119.30  |               | 96.62   |               |
| c) Gases                                      | 28.33   |               | 27.82   |               |
|   |         | 413.73        |         | 354.47        |
| <b>iii) Direct Manufacturing</b>              |         |               |         |               |
| a) Processing Charges                         | 8.53    |               | 7.70    |               |
| b) Other Direct Expenses                      | 33.94   |               | 30.13   |               |
| c) Repairs Maintenance to Plant and Machinery | 6.16    |               | 7.38    |               |
| d) Repairs to Factory Building                | 0.54    |               | 0.91    |               |
| e) Machine Rentals                            | -       |               | -       |               |
|   |         | 49.17         |         | 46.12         |
| <b>iv) Selling &amp; Distribution</b>         |         |               |         |               |
| a) Freight Charges                            | 50.16   |               | 48.00   |               |
| b) Commission on Sales                        | 1.70    |               | 6.01    |               |
| c) Selling and Other Expenses                 | 1.93    |               | 2.54    |               |
|   |         | 53.79         |         | 56.55         |
| <b>v) Administrative Expenses</b>             |         |               |         |               |
| a) Rent                                       | 0.05    |               | -       |               |
| b) Rates & Taxes                              | 1.62    |               | 1.89    |               |
| c) Travelling                                 | 1.72    |               | 1.88    |               |
| d) Communication                              | 0.75    |               | 0.71    |               |
| e) Repair and Maintenance (Others)            | 0.83    |               | 0.60    |               |
| f) Insurance                                  | 1.81    |               | 1.60    |               |
| g) Equipment Lease Rentals                    | 0.28    |               | 0.47    |               |
| h) Miscellaneous Expenses                     | 54.60   |               | 39.74   |               |
| (Refer Note. No. 3.14)                        |         | 61.66         |         | 46.89         |
| <b>Total</b>                                  |         | <b>805.93</b> |         | <b>694.67</b> |

## Notes to Financial Statement for the year ended March 31, 2023 (Contd.)

### 1. Corporate Information:

ISMT Limited ("ISMT" or "the Company") is a public limited company incorporated in India (CIN: L27109PN1999PLC016417) having its registered office in Pune. The Company is mainly engaged in manufacturing of seamless tubes and engineering steels. As on March 10, 2022, Kirloskar Ferrous Industries Limited ("KFIL") owns 51.25% of the Ordinary Shares of the Company, and has become Parent Company of the Company.

The Board at its meeting held on November 4, 2022 which was adjourned to November 5, 2022 has approved a draft Scheme of Arrangement and Merger between the Company (Transferor Company) and Kirloskar Ferrous Industries Limited (Transferee Company). Pursuant to the said Scheme and upon receipt of all the requisite approvals, 17 fully paid up equity shares of face value of Rs. 5/- each of KFIL will be allotted for every 100 fully paid up equity shares of face value of Rs. 5/- each of the Company. As on date, the Company is awaiting approval of the stock exchanges to the draft Scheme.

These financial statements for the year ended March 31, 2023 were approved for the issue by the Board of Directors at their Board Meeting dated May 3, 2023.

### 2. Significant Accounting Policies:

#### 2.1 Basis of Preparation:

Financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) notified under section 133 of the Companies Act 2013 ("Act") read with Companies (Indian Accounting Standards) Rules, 2015; as amended and the other relevant provisions of the Act and Rules thereunder. In addition, the guidance notes/ announcements issued by Institute of Chartered Accountants of India and guideline issued by Securities and Exchange Board of India are also applied.

The financial statements have been prepared on a historical cost basis except for certain financial assets and financial liabilities (including financial instruments) which have been measured at fair value at the end of each reporting period as explained in the accounting policies stated below.

The Balance Sheet and Statement of Profit and Loss are presented in the format prescribed in Division II to Schedule III of the Companies Act, 2013. The Statement of Cash Flow has been prepared as per the requirement of Ind AS 7, "Statement of Cash Flows". The disclosure requirement with respect to items in Balance Sheet and Statement of Profit and Loss, as prescribed under Schedule III to the Act, are presented by way of notes forming part of the Financial Statements along with the other notes.

#### 2.2 Functional and presentation currency and rounding off of the amounts:

The functional and presentation currency of the company is Indian rupees. This standalone financial statements are presented in Indian rupees and all values are stated in Crore

of Rupees except otherwise indicated. Due to rounding off, the numbers presented throughout the document may not add up precisely to the totals and percentages may not precisely reflect the absolute figures.

#### 2.3 Current versus non-current classification:

The company has classified all its assets and liabilities under current and non-current as required by Ind AS 1- Presentation of Financial Statements. The asset is treated as current when it is:

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

All other assets are classified as non-current

A liability is current when:

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

All other liabilities are classified as non-current.

#### 2.4 Revenue Recognition:

The Company derives revenue primarily from manufacturing of seamless tubes and engineering steels

The Company follows specific recognition criteria as described below before the revenue is recognized.

##### 1) Sales:

- a) The Company recognises revenue, when or as control over distinct goods or services is transferred to the customer; i.e. when the customer is able to direct the use of the transferred goods or rendering of services and obtains substantially all of the remaining benefits, provided a contract with enforceable rights and obligations exists and amongst others collectability of consideration is probable taking into account our customer's creditworthiness.

Revenue is the transaction price the Company expects to be entitled to. Variable consideration is included in the transaction price if it is highly probable that a significant reversal of revenue will not occur once associated uncertainties are resolved.

**Notes to Financial Statement for the year ended March 31, 2023 (Contd.)**

The variable consideration is constrained to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when any uncertainty is subsequently resolved. The amount of variable consideration is calculated by either using the expected value or the most likely amount depending on which it is expected to better predict the amount of variable consideration.

Consideration is adjusted for the time value of money if the period between the transfer of goods or services and the receipt of payment exceeds twelve months and there is a significant financing benefit either to the customer or the Company.

Performance obligations are identified based on individual terms of contract. If a contract contains more than one distinct good or service, the transaction price is allocated to each performance obligation based on relative standalone selling prices. The Company reasonably estimates the stand-alone selling prices if such prices are not observable. For each performance obligations identified as above, the revenue is recognised either at a point in time or over time. When the Company's efforts or inputs are expended evenly throughout the performance period revenue is recognised on straight-line basis over time.

The incremental cost to obtain a contract are recognised as an asset if the Company expects to recover those cost over the period of contract. Company recognises the incremental costs of obtaining a contract as an expense, when incurred, if the amortisation period of the asset that the entity otherwise would have recognised is one year or less.

In case of bill and hold arrangements, revenue is recognized when the company completes its performance obligation to transfer the control of the goods to the customer in accordance with the agreed upon specifications in the contract for which the customer has accepted the control. Such goods are identified and kept ready for delivery based on which revenue is recognized.

The company completes its performance obligation to transfer the control of the goods to the customer in accordance with the agreed-upon specifications in the contract for which customer accepts the same and confirms to the Company basis which criteria for bill and hold is met.

- b) Inter Division Transfer represents transfer of finished / semi-finished products within the Segment for further processing and sale.

**II) Other Operating Revenue:**

Other Operating revenue comprises of following items:

- Export incentives
- Sale of scrap

Export Incentives are recognized when right to receive credit as per prevalent scheme is established in respect of the exports made and when there is no significant uncertainty regarding realization of such claim.

**III) Interest Income:**

Interest income from financial assets is recognized using effective interest rate method.

**2.5 Property, Plant and Equipment (PPE):**

- Property, plant and equipment are stated at their original cost of acquisition including taxes, duties, freight, other incidental expenses related to acquisition and installation of the concerned assets and exclude refundable taxes and duties.
- Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and the cost can be measured reliably. When significant parts of plant and equipment are required to be replaced at intervals, the company depreciates them separately based on their specific useful lives. All other repairs and maintenance costs are recognized as expense in statement of profit and loss as and when incurred.
- All incidental expenses incurred during project implementation, for the project as well as trial run expenses are treated as expenditure during construction and are capitalized.
- Capital work in progress consists of cost of property, plant and equipment that are not yet installed and are not ready for their intended use at the Balance Sheet date.

**2.6 Non-current assets held for sale:**

Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. This condition is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate use in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

## Notes to Financial Statement for the year ended March 31, 2023 (Contd.)

### 2.7 Depreciation:

- i.) Leasehold Land is amortized over lease period.
- ii) Depreciation on Plant & Machinery other than Captive Power Plant is provided on its useful life estimated by the management on Written Down Value method. For these classes of assets, based on the technical evaluation carried out by the external experts, the management has estimated the useful lives in the range of 8 years to 65 years.
- iii) Depreciation on Building and Plant & Machinery of Captive Power Plant is provided as per the useful life specified in Part 'C' of Schedule II of the Companies Act, 2013 on Straight Line Method.
- iv) Depreciation on Furniture & Fixtures, Office Equipment and vehicle is provided as per the useful life specified in Part 'C' of Schedule II of the Companies Act, 2013 on Written Down Value Method.
- v) The management believes that the estimated useful lives are realistic and reflects fair approximation of the period over which the assets are likely to be used. At each financial year end, management reviews the residual values, useful lives and method of depreciation of property, plant and equipment and values of the same are adjusted prospectively where needed.

### 2.8 Leases:

The Company's leased assets consist of leases for Buildings and Plant and Machinery. At inception of a contract, the Company assesses whether a contract is, or contains, a lease. 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 the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and (iii) the Company has the right to direct the use of the asset.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of Property, Plant and Equipment. In addition, the right-of-use asset is periodically reduced by impairment

losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The lease liability is subsequently measured at amortised cost using the effective interest method. It is re-measured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is re-measured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in statement of profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

#### Short-term leases and leases of low-value assets:

The Company has elected not to recognise right-to-use assets and lease liabilities for short-term lease that have a lease term of 12 months or less and leases of low-value assets. The Company recognises the lease payments associated with these leases as an operating expense as per the terms of the lease.

### 2.9 Inventories:

- i) **Classification:** Scrap generated from Tube Segment is classified as raw material as the same is mostly used by Steel Segment.
- ii) **Valuation**
  - a) Raw Materials are valued at lower of cost or net realisable value. Cost is determined on weighted average basis.
  - b) Semi-finished and finished goods are valued at lower of cost or net realisable value. The cost includes raw material on weighted average basis, labour cost, manufacturing expenses, production overheads and depreciation based on normal operating capacity.
  - c) Stores, Spares and Coal are valued at cost determined on weighted average basis except for those which have a longer usable life, which are valued on the basis of their remaining useful life.
  - d) Net realisable value is the estimated selling price in the ordinary course of business, less estimated cost of completion and estimated cost necessary to make the sale.
- iii) Inventories include goods in transit under the appropriate heads.

**Notes to Financial Statement for the year ended March 31, 2023 (Contd.)****2.10 Employee Benefits:****A) Post - Employment Benefit****i. Defined Contribution Plan**

The Company makes defined contribution to Provident Fund and Superannuation Schemes, Employee State Insurance Corporation which are recognized in the statement of profit and loss on accrual basis.

**ii. Defined Benefit Plan****Gratuity:**

The Company provides for gratuity obligations through a Defined Benefits Retirement plan ('The Gratuity Plan') covering all employees. The present value of the obligation under such Defined benefits plan is determined based on actuarial valuation using the Project Unit Credit method with actuarial valuations being carried out at the end of each reporting period.

Re-measurements, comprising of actuarial gains and losses, are recognized immediately in the balance sheet with a corresponding debit or credit to retained earnings through other comprehensive income in the period in which they occur. Re-measurements are not reclassified to statement of profit and loss in subsequent periods.

The Company operates a defined benefit plan for gratuity, which requires contributions to be made to a separately administered fund.

Past service costs are recognised in the Statement of Profit and Loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Company recognises related restructuring costs.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises the following changes in the net defined benefit obligation as an expense in the Statement of Profit and Loss:

- Service costs comprising current service costs, past service costs, gains and losses on curtailments and non routine settlements; and
- Net interest expense or income.
- **Leave Encashment:**  
The Company provides for the liability at year end on account of un availed earned leave as per the actuarial valuation.

**B) Termination Benefits**

Termination benefits are recognised in the Statement of Profit and Loss in the year in which termination

benefits become payable or when the Company determines that it can no longer withdraw the offer of those benefits, whichever is earlier.

**2.11 Research and Development:**

Research and Development costs (other than costs of fixed assets acquired) are charged to statement of profit and loss in the year in which they are incurred.

**2.12 Foreign Currency Transactions:**

Transactions in foreign currency are recorded at the exchange rate prevailing on the date of the transaction. Foreign currency denominated monetary assets and liabilities at the Balance Sheet date are translated at the exchange rate prevailing on the date of Balance Sheet.

Exchange rate differences resulting from foreign currency transactions settled during the period including year-end translation of assets and liabilities are recognized in the statement of profit and loss.

Non-monetary assets, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the initial transaction.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss are also recognized in OCI or statement of profit and loss, respectively).

The Company has availed the exemption available in IND AS 101, to continue capitalisation of foreign currency fluctuation on long term foreign currency monetary liabilities outstanding on transition date (April 1, 2016).

**2.13 Derivatives:**

Company uses derivative contracts to hedge its exposure against movements in foreign exchange rates. The use of derivative contracts is intended to reduce the risk or cost to the Company. Derivative contracts are not used for trading or speculation purpose.

All derivatives are measured at fair value through the profit or loss unless they form part of a qualifying cash flow hedge, in which case the fair value is taken to reserves and released into the Statement of Profit and Loss at the same time as the risks on the hedged instrument are recognised therein. Any hedge ineffectiveness will result in the relevant proportion of the fair value remaining in the Statement of Profit and Loss. Fair values are derived primarily from discounted cash-flow models, option-pricing models and from third-party quotes. Derivatives are carried as assets when their fair values are positive and as liabilities when their fair values are negative. All hedging activity is explicitly identified and documented by the Company.



## Notes to Financial Statement for the year ended March 31, 2023 (Contd.)

### 2.14 Borrowing Costs:

Borrowing Costs directly attributed to the acquisition, construction or production of a qualifying assets are capitalized as a part of the cost of asset till the asset is ready for its intended use of sale. Other Borrowing Costs are charged to the statement of profit and loss in the year in which they are incurred.

### 2.15 Government Incentives:

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognized as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognized as income in equal amounts over the expected useful life of the related asset.

When loans or similar assistance are provided by governments or related institutions, with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as a government grant. The loan or assistance is initially recognized and measured at fair value and the government grant is measured as the difference between the initial carrying value of the loan and the proceeds received. The loan is subsequently measured as per accounting policy applicable to financial liabilities.

### 2.16 Cash and cash equivalents:

Cash and cash equivalents comprises cash on hand and at bank and demand deposits with banks which are short-term, highly liquid investments with original maturities of three months or less, that are readily convertible into a known amounts of cash and which are subject to an insignificant risk of changes in value.

### 2.17 Cash Flow Statements:

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non cash nature and any deferral or accruals of past or future cash receipts or payments. The cash flows from regular operating, investing and financing activities of the Company are segregated.

### 2.18 Fair Value Measurement:

The Company measures certain financial instruments at fair value at each balance sheet date. Certain accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. The Company has an established control framework with respect to the measurement of fair values and the valuation team regularly reviews significant unobservable inputs and valuation adjustments.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1 — quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 — inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. as derived from prices)

Level 3 — inputs for the asset or liability that are not based on observable market data (unobservable inputs)

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into a different level of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

### 2.19 Financial instruments:

A Company recognizes financial assets and financial liabilities when it becomes party to the contractual provisions of the instrument.

#### I. Financial Assets:

##### a) Initial recognition and measurement:

Financial assets are initially measured at its fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets (other than financial assets at fair value through profit or loss) are added to or deducted from the fair value of the concerned financial assets, as appropriate, on initial recognition. Transaction costs directly attributable to acquisition of financial assets at fair value through profit or loss are recognized immediately in statement of profit and loss. However, trade receivable that do not contain a significant financing component are measured at transaction price.

##### b) Subsequent measurement:

For subsequent measurement, the company classifies financial asset in following broad categories:

##### i. Financial asset carried at amortized cost (net of any write down for impairment, if any):

Financial assets are measured at amortized cost when asset is held within a business model, whose objective is to hold assets for collecting contractual cash flows and contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest. Such financial assets are subsequently measured at amortized costs using Effective Interest Rate (EIR) method less impairment, if any. The losses arising from impairment are recognized in the statement of profit and loss. Cash and bank balances, trade

**Notes to Financial Statement for the year ended March 31, 2023 (Contd.)**

receivables, loans and other financial asset of the company are covered under this category.

**ii. Financial asset carried at fair value through other comprehensive income (FVTOCI):**

Financial asset under this category are measured initially as well as at each reporting date at fair value, when asset is held with a business model whose objective is to hold asset for both collecting contractual cash flows and selling financial assets. Fair value movements are recognized in the other comprehensive income.

**iii. Financial asset carried at fair value through profit or loss (FVTPL):**

Financial asset under this category are measured initially as well as at each reporting date at fair value. Changes in fair value are recognized in the statement of profit and loss.

**c) Investment in subsidiaries:**

Investments in Subsidiaries are recorded at cost and reviewed for impairment at each reporting date.

**d) Other equity instruments:**

All other equity instruments are measured as fair value, with value changes recognized in statement of profit and loss, except for those equity instrument for which the Company has elected to present the value changes in 'Other Comprehensive Income'.

**e) De-recognition of Financial Assets:**

A financial asset is primarily derecognized when rights to receive cash flows from the asset have expired or the Company has transferred its contractual rights to receive cash flows of the financial asset and has substantially transferred all the risk and reward of the ownership of the financial asset.

**f) Impairment of financial asset:**

In accordance with Ind AS 109, the Company uses 'Expected Credit Loss' (ECL) model, for evaluating impairment of financial assets other than those measured at fair value through profit or loss (FVTPL).

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

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial asset. 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months from the reporting date.

For trade receivables Company applies 'simplified approach' which requires expected lifetime losses to be recognised from initial recognition of the receivables. The Company uses historical default rates to determine impairment loss on the portfolio of trade receivables. At every reporting date these historical default rates are reviewed and changes in the forward looking estimates are analysed.

For other assets, the Company uses 12 month ECL to provide for impairment loss where there is no significant increase in credit risk. If there is significant increase in credit risk full lifetime ECL is used.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the statement of profit and loss under the head 'Other expenses'.

**II. Financial Liabilities:**

**a) Initial recognition and measurement:**

The Company recognizes a financial liability in its Balance Sheet when it becomes party to the contractual provisions of the instrument. The Company classifies all financial liabilities as subsequently measured at amortised cost or FVTPL.

All financial liabilities are recognized initially at fair value and in the case of loans, borrowings and payables, net of directly attributable transaction costs. Financial liabilities include trade and other payables, loans and borrowings including bank overdrafts and derivative financial instruments.

**b) Subsequent measurement:**

Financial liabilities are carried at amortized cost using the Effective Interest Rate (EIR) method. For trade and other payable maturing within one year from balance sheet date, the carrying amount approximate fair value due to short maturity of these instruments.

**c) De-recognition of financial liabilities:**

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially



## Notes to Financial Statement for the year ended March 31, 2023 (Contd.)

modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit and loss.

### III. Offsetting of Financial Instruments:

Financial assets and Financial Liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

#### 2.20 Segment accounting:

The Company's operating segments are established on the basis of those components of the Company that are evaluated regularly by the Executive Committee, the 'Chief Operating Decision Maker' as defined in Ind AS 108 - 'Operating Segments', in deciding how to allocate resources and in assessing performance. These have been identified taking into account nature of products and services, the differing risks and returns and the internal business reporting systems, by adopting aggregation approach.

#### 2.21 Earnings per share:

Basic earnings per share is calculated by dividing the net profit for the year attributable to the shareholders of the Company and weighted average number of shares outstanding during the year.

Diluted earnings per share is calculated by dividing the net profit for the year attributable to the shareholders of the Company and weighted average number of equity and potential equity shares outstanding during the year including share options, convertible preference shares and debentures, except where the result would be anti-dilutive. Potential equity shares that are converted during the year are included in the calculation of diluted earnings per share, from the beginning of the year or date of issuance of such potential equity shares, to the date of conversion.

#### 2.22 Provision for Current and Deferred Tax:

The tax expense for the period comprises current and deferred tax. Taxes are recognised in the statement of profit and loss, except to the extent that it relates to the items recognised in the other comprehensive income or in Equity. In which case, the tax is also recognised in the other comprehensive income or in Equity.

##### Current tax:

Provision for Current tax is made on the basis of relevant provision of The Income Tax Act, 1961 as applicable to the financial year.

##### Deferred tax:

Deferred tax is recognised 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 timing difference. Deferred tax assets are recognized for deductible temporary differences, to the extent that they are probable that taxable profit will be available against which the deductible temporary difference can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and adjusted to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

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

#### 2.23 Impairment of non-financial Assets:

The Company assesses at each reporting date as to whether there is any indication that any property, plant and equipment and intangible assets or group of assets, called cash generating units (CGU) may be impaired. If any such indication exists the recoverable amount of an asset or CGU is estimated to determine the extent of impairment, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the CGU to which the asset belongs.

An impairment loss is recognized in the statement of profit and loss to the extent, asset's carrying amount exceeds its recoverable amount. The recoverable amount is higher of an asset's fair value less cost of disposal and value in use. Value in use is based on the estimated future cash flows, discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and risk specific to the assets.

The impairment loss recognized in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

#### 2.24 Provision and Contingencies:

Provisions are recognized when the company has present obligation (legal or constructive) as a result of past event and it is probable that outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense related to a provision is presented in the statement of profit and loss net of any reimbursement/contribution towards provision made.

If the effect of the time value of money is material, estimate for the provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

**Notes to Financial Statement for the year ended March 31, 2023 (Contd.)****Contingent Liabilities:**

Contingent Liabilities are not provided and are disclosed in Notes on Accounts. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

**Contingent Assets:**

Contingent assets are not recognised but disclosed when the inflow of economic benefits is probable. However, when the realisation of income is virtually certain, then the related asset is no longer a contingent asset, but it is recognised as an asset.

**2.25 Exceptional Items:**

Exceptional items are those items that management considers, by virtue of their size or incidence (including but not limited to impairment charges and acquisition and restructuring related costs), should be disclosed separately to ensure that the financial information allows an understanding of the underlying performance of the business in the year, so as to facilitate comparison with prior periods. Such items are material by nature or amount to the year's result and require separate disclosure in accordance with Ind AS.

**2.26 Events occurring after the Balance Sheet Date:**

Events occurring after the Balance Sheet date and till the date on which the standalone financial statements are approved, which are material in the nature and indicate the need for adjustments in the financial statements have been considered

**2.27 Standards issued but not yet effective:**

Ministry of Corporate Affairs (MCA) notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 31, 2023, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2023, as below:

- a) Ind AS 1-Presentation of Financial Statements - This amendment requires the entities to disclose their material accounting policies rather than their significant accounting policies. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2023. The Company has evaluated the amendment and the impact of the amendment is insignificant in the standalone financial statements.
- b) Ind AS 8-Accounting Policies, Changes in Accounting Estimates and Errors - This amendment has introduced a definition of 'accounting estimates' and included amendments to Ind AS to help entities distinguish changes in accounting policies from changes in

accounting estimates. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2023. The Company has evaluated the amendment and there is no impact on its standalone financial statements.

- c) Ind AS 12- Income Taxes - This amendment has narrowed the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2023. The Company has evaluated the amendment and there is no impact on its standalone financial statement

**2.28 Key accounting judgments, estimates and assumptions:**

The preparation of the Company's standalone financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenue, expenses, assets, liabilities and the accompanying disclosures along with contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require material adjustments to the carrying amount of assets or liabilities affected in future periods. The Company continually evaluates these estimates and assumptions based on the most recently available information.

In particular, information about significant areas of estimates and judgments in applying accounting policies that have the most significant effect on the amounts recognized in the standalone financial statements are as below:

- a. Assessment of functional currency (Refer Note No: 2.2);
- b. Financial instruments (Refer Note No 2.16);
- c. Estimates of useful lives and residual value of PPE and intangible assets (Refer Note No. 2.5, 2.6 and 2.7);
- d. Impairment of financial and non-financial assets (Refer Note No. 2.19 and 2.23);
- e. Valuation of inventories (Refer Note No. 2.9);
- f. Measurement of Defined Benefit Obligations and actuarial assumptions (Refer Note No. 2.10);
- g. Allowances for uncollected trade receivable and advances (Refer Note No. 2.19);
- h. Evaluation of recoverability of deferred tax assets (Refer Note No. 2.22); and
- i. Contingencies and Provisions (Refer Note No. 2.24);
- j. Assessment of short term lease as well as judgement on enforceability.(Refer Note No. 2.8)

Revisions to accounting estimates are recognized prospectively in the statement of profit and loss in the period in which the estimates are revised and in any future periods affected.

## Notes to Financial Statement for the year ended March 31, 2023 (Contd.)

### NOTE NO 3 NOTES TO ACCOUNTS

#### 3.1 CONTINGENT LIABILITIES AND COMMITMENTS (to the extent not provided for)

Rs. In Crores

| Sr No     | Particulars  | As at March 31, 2023 | As at March 31, 2022 |
|-----------|--|----------------------|----------------------|
| <b>A</b>  | <b>Contingent Liabilities</b>  |                      |                      |
|           | <u>Claims against the Company not acknowledged as debt</u>   |                      |                      |
| i)        | Sales Tax  | -                    | 3.60                 |
| ii)       | Income Tax disputed by the Company   | -                    | 1.43                 |
| iii)      | Excise and Customs Duty  | 26.73                | 26.61                |
| iv)       | Goods and Services Tax   | 0.89                 | 0.89                 |
| v)        | Bank Guarantees  | 39.39                | 1.16                 |
| vi)       | Others   | 11.93                | 11.96                |
| <b>B)</b> | <b>Commitments</b>   |                      |                      |
|           | Capital Commitments  |                      |                      |
|           | Estimated amount of contract remaining to be executed on capital account and not provided for (net of advances)* | 296.42               | 9.48                 |

The Company does not expect the outcome of the matters stated above to have a material adverse impact on the Company's financial condition, result of operations or cash flows. Future cash outflows in respect of liability under clause A (i) to (iv) is dependent on decisions by relevant authorities of respective disputes and in respect of liability under clause A (v) and (vi) is dependent on terms agreed upon with the parties.

\* Energy Cost being the second major cost after raw material the Company has envisaged cheaper source of engery procurement. In align with this the management proposed to set up renewable energy plants and the same is included in capital commitments above.

**3.2** The Board of Directors and the Shareholders of the Company had approved remuneration to Erstwhile Managing Director for the period December 2016 to March 10, 2022 the date he ceased to be Managing Director. The same however could not be paid pending lenders approval and the lenders dues have since been paid as a result of One Time Settlement. Accordingly, remuneration payable to Erstwhile Managing Director is Rs. 9.24 Crores cumulative up to March 31, 2022 (including Rs. 5.04 Crores refunded to the Company and disclosed as contingent liability). The Company is seeking to discharge the above obligation based on suitable legal opinion and requisite approvals, if any.

**3.3** Considering the uncertainty related to realisation, the following items are not considered to accrue till they are settled / sanctioned / received as the case may be:

- Insurance claims except specific claims stated separately
- Interest on receivables

#### 3.4 Revenue Recognition:

- The Company has generated Rs. Nil revenue during the year from its contract liabilities. (Previous Year Rs. Nil).
- The Company generally recognise revenue when performance obligations is satisfied at a point in time when the control is transferred .i.e. either on shipment or on delivery in domestic and in case of exports either on the date of bill of lading or delivery at destination as per terms of contracts with customers. The payment is due from the date of sales and are generally on terms of 30 days to 120 days.
- The Company is in the business of manufacturing of Seamless Tubes and Pipes, Steel and has a single obligation of delivery of goods as per commercial contract terms with its customers.
- There are no provision pending to be recognised as per Ind AS 37 "Provisions, Contingent Liabilities and Contingent Assets".
- The Sales for the current year includes an amount of Rs. 16.41 Crores (Previous Year Rs. 13.17 Crores) on account of supplies to SEZ.

## Notes to Financial Statement for the year ended March 31, 2023 (Contd.)

- f) Reconciliation of the Company's revenue from contract price with the revenue recognised in the Statement of Profit and Loss is as follows:

|                                       | Rs. In Crores |          |
|---------------------------------------|---------------|----------|
| Particulars                           | 2022-23       | 2021-22  |
| Revenue as per Contract               | 2,549.04      | 2,130.07 |
| Less: Discount and incentives         | 1.44          | 5.59     |
| Less: Rate differences                | 14.07         | 1.07     |
| Revenue from Contracts with customers | 2,533.53      | 2,123.41 |

### 3.5 Segment Reporting :

#### I Identification of Segments:

Company's operating segments are established on the basis of those components of the Company that are evaluated regularly by the Executive Committee, the 'Chief Operating Decision Maker' as defined in Ind AS 108 - 'Operating Segments', in deciding how to allocate resources and in assessing performance. These segments have been identified taking into account nature of products and services, the differing risks and returns and the internal business reporting systems.

The Company is engaged primarily into manufacturing of Steel and Tubes. The Company's primary segments are Tube Segment and Steel Segment.

Revenue and expenses have been identified to a segment on the basis of relationship to operating activities of the segment. Revenue and expenses which relate to enterprise as a whole and are not allocable to a segment on reasonable basis have been disclosed as unallocable.

Segment assets and segment liabilities represent assets and liabilities in respective segments. Investments, tax related assets and other assets and liabilities which cannot be allocated to a segment on a reasonable basis have been included under "Unallocable Assets / Liabilities".

Inter Division Transfer represents transfer of finished / semi-finished products within the Segment for further processing and sale. Profit or loss on inter Division transfers are eliminated at the Company level.

Rs. In Crores

| Sr No | Particulars                                      | As on March 31, 2023 |          |             |          | As on March 31, 2022 |          |             |            |
|-------|--|----------------------|----------|-------------|----------|----------------------|----------|-------------|------------|
|       |  | Tube                 | Steel    |             |          | Tube                 | Steel    |             |            |
|       |  | Segment              | Segment  | Unallocable | Total    | Segment              | Segment  | Unallocable | Total      |
| i)    | <b>Segment Revenue</b>                           |                      |          |             |          |                      |          |             |            |
|       | Total External Sales (Gross)                     | 1,977.46             | 556.07   |             | 2,533.53 | 1,502.87             | 620.54   |             | 2,123.41   |
|       | Add : Inter Segment Transfers (Gross)            | -                    | 1,230.51 |             | 1,230.51 | -                    | 1,003.79 |             | 1,003.79   |
|       | : Inter Division Transfers (Gross)               | 95.97                | -        |             | 95.97    | 89.64                | -        |             | 89.64      |
|       |  | 2,073.43             | 1,786.58 |             | 3,860.01 | 1,592.51             | 1,624.33 |             | 3,216.84   |
|       | Less : Inter Segment Transfers (Net)             | -                    | 1,230.51 |             | 1,230.51 | -                    | 1,003.79 |             | 1,003.79   |
|       | Inter Division Transfers (Net)                   | 95.97                | -        |             | 95.97    | 89.64                | -        |             | 89.64      |
|       | <b>Net Sales</b>                                 | 1,977.46             | 556.07   |             | 2,533.53 | 1,502.87             | 620.54   |             | 2,123.41   |
| ii)   | <b>Segment Results</b>                           |                      |          |             |          |                      |          |             |            |
|       | <b>Profit Before Finance Costs and Taxes</b>     | 154.92               | 30.39    | 1.01        | 186.32   | 6.19                 | 40.90    | (28.45)     | 18.64      |
|       | Less : Finance Costs                             |                      |          |             | 21.24    |                      |          |             | 12.69      |
|       | <b>Less : Exceptional Items:</b>                 |                      |          |             | 7.77     |                      |          |             | (2,494.10) |
|       | <b>(Refer Note No. 3.18)</b>                     |                      |          |             |          |                      |          |             |            |
|       | <b>Profit / (Loss) Before Tax</b>                |                      |          |             | 157.31   |                      |          |             | 2,500.05   |
|       | Less : Tax Expenses                              |                      |          |             | 60.76    |                      |          |             | 142.66     |
|       | <b>Profit / (Loss) After Tax</b>                 |                      |          |             | 96.55    |                      |          |             | 2,357.39   |
|       | Add : Other Comprehensive Income                 |                      |          |             | 3.31     |                      |          |             | (7.83)     |
|       | Less : Income Tax on above                       |                      |          |             | (0.83)   |                      |          |             | 1.97       |
|       | <b>Profit/ (Loss) After Comprehensive Income</b> |                      |          |             | 99.03    |                      |          |             | 2,351.53   |
| iii)  | <b>Other Information</b>                         |                      |          |             |          |                      |          |             |            |
|       | Total Segment Assets                             | 1,412.77             | 471.91   | -           | 1,884.68 | 1,404.81             | 386.41   | -           | 1,791.22   |
|       | Total Segment Liabilities                        | 176.28               | 122.45   | -           | 298.73   | 124.68               | 166.25   | -           | 290.93     |
|       | Total cost incurred for acquiring Segment Assets | 27.89                | 4.37     | -           | 32.26    | 4.42                 | 4.25     | -           | 8.67       |
|       | Segment Depreciation                             | 42.98                | 11.78    | 0.52        | 55.28    | 41.32                | 11.99    | 6.62        | 59.93      |
|       | Total Unallocable Assets                         |                      |          |             | 88.02    |                      |          |             | 182.30     |
|       | Total Unallocable Liabilities                    |                      |          |             | 159.16   |                      |          |             | 266.81     |

Note : Steel Segment Results include profit on steel captively consumed by Tube Segment.

## Notes to Financial Statement for the year ended March 31, 2023 (Contd.)

### II Information about Geographical Segment - Secondary Segment

The Company's operations are located in India. The following table provides an analysis of the Company's sales by geography in which the customer is located, irrespective of the origin of the goods.

Rs. In Crores

| Particulars                            | 2022-23         | 2021-22         |
|--|-----------------|-----------------|
| <b>Revenue from External Customers</b> |                 |                 |
| Domestic                               | 2,258.66        | 1,934.04        |
| Exports                                | 274.87          | 189.37          |
| <b>Total revenue</b>                   | <b>2,533.53</b> | <b>2,123.41</b> |

### III Revenue from Major Customers

Revenue under the segment 'Steel' include Rs 86.45 Crores (Previous Year: Rs 101.72 Crores of one customer) from one customer having more than 10% revenue of total segment revenue. There is no single customer that accounts for more than 10% of the revenue in Tube Segment .

3.6 Pending reconciliation / confirmations of Trade Receivables / Trade Payables, adjustments for differences, if any , would be made at the time of reconciliation or on receipt of confirmation. The management is of the opinion that the impact of such adjustments, if any, is not likely to be significant.

### 3.7 Dues to Micro and Small Enterprises

Disclosure as required by the Micro, Small and Medium Enterprises Act, 2006 (Act) is as given below. The information has been given in respect of such vendors on the basis of information available with the Company.

Rs. In Crores

| Particulars  | As at<br>March 31, 2023 | As at<br>March 31, 2022 |
|--|-------------------------|-------------------------|
| Principal amount outstanding as on year end                              | 14.19                   | 18.49                   |
| Principal amount outstanding and overdue out of above                    | 0.01                    | 10.36                   |
| Payment made beyond appointment date during the year                     | 79.33                   | 50.69                   |
| Interest due and payable for overdue payments made during the year#      | 2.66                    | 0.30                    |
| Total Interest accrued and remaining unpaid                              | 2.66                    | 0.30                    |
| Amount of further interest remaining due and payable in succeeding years | 3.65                    | 0.99                    |

# Said amount has been paid in April 2023

The information has been given in respect of such vendor on the basis on information available with the company.

### 3.8 Leases

The Company have taken various premises and plants and machinery under operating lease. These are generally cancellable and ranges from 13 months to 10 years and are renewable by mutual consent on mutually agreeable terms. There are no restrictions imposed by these lease arrangements and there are no sub leases. There are no contingent rents.

### A) Following are the changes in the carrying amount of Right-of-Use Assets for the year ended March 31, 2023

Rs. In Crores

| Particulars                       | Office Building         |                         | Plant and Machinery     |                         |
|-----------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
|                                   | As at<br>March 31, 2023 | As at<br>March 31, 2022 | As at<br>March 31, 2023 | As at<br>March 31, 2022 |
| Balance as on April 1,            | 0.34                    | 1.21                    | 5.35                    | 4.95                    |
| Addition during the year          | 5.32                    | 0.61                    | -                       | 1.55                    |
| Deletion on cancellation of lease | -                       | 2.17                    | -                       | 1.24                    |
| Depreciation on ROU of Assets     | 1.21                    | 1.34                    | 1.16                    | 1.15                    |
| Depreciation on Deletion          | -                       | 2.03                    | -                       | 1.24                    |
| <b>Balance as on March 31,</b>    | <b>4.45</b>             | <b>0.34</b>             | <b>4.19</b>             | <b>5.35</b>             |

**Notes to Financial Statement for the year ended March 31, 2023 (Contd.)****B) The following is the movement in Lease Liabilities for the year ended March 31, 2023****Rs. In Crores**

| Particulars                           | Office Building         |                         | Plant and Machinery     |                         |
|---------------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
|                                       | As at<br>March 31, 2023 | As at<br>March 31, 2022 | As at<br>March 31, 2023 | As at<br>March 31, 2022 |
| Balance as on April 1,                | 0.37                    | 1.39                    | 3.24                    | 2.52                    |
| Additions during the year             | 5.19                    | 0.59                    | -                       | 1.21                    |
| Finance Cost incurred during the year | 0.49                    | 0.14                    | 0.40                    | 0.48                    |
| Deletion on Cancellation of lease     | -                       | -                       | -                       | -                       |
| Payment of lease liabilities          | (1.37)                  | (1.75)                  | (0.96)                  | (0.97)                  |
| <b>Balance as on March 31,</b>        | <b>4.68</b>             | <b>0.37</b>             | <b>2.68</b>             | <b>3.24</b>             |

**C) The table below provides details regarding the contractual maturities of lease liabilities on an undiscounted basis****Rs. In Crores**

| Particulars  | As at<br>March 31, 2023 | As at<br>March 31, 2022 |
|--|-------------------------|-------------------------|
| Due within one year  | 2.39                    | 1.13                    |
| Due within one year to five years  | 6.65                    | 3.64                    |
| Due for more than five years   | -                       | -                       |
| Total Undiscounted Lease Liabilities                                     | 9.04                    | 4.77                    |
| <b>Lease Liabilities included in the Statement of financial position</b> |                         |                         |
| Non- Current Financial Liabilities (Net Present Value)                   | 5.69                    | 2.91                    |
| Current Financial Liabilities (Net Present Value)                        | 1.67                    | 0.70                    |
| <b>Total</b>   | <b>7.36</b>             | <b>3.61</b>             |

The Company does not face a liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

**D) The following amounts are recognized in the Statement of Profit and Loss for the year ended March 31, 2023****Rs. In Crores**

| Particulars                                | As at<br>March 31, 2023 | As at<br>March 31, 2022 |
|--|-------------------------|-------------------------|
| Interest Expenses on Financial Liabilities | 0.89                    | 0.62                    |
| Depreciation on ROU Assets                 | 2.36                    | 2.49                    |
| Expenses relating to Short Term Lease      | 0.33                    | 0.47                    |
| <b>Total</b>                               | <b>3.58</b>             | <b>3.58</b>             |

**E) The following amounts are recognized in the Statements of Cash Flows for the year ended March 31, 2023****Rs. In Crores**

| Particulars                    | As at<br>March 31, 2023 | As at<br>March 31, 2022 |
|--------------------------------|-------------------------|-------------------------|
| Total Cash outflows for Leases | 2.33                    | 2.72                    |

## Notes to Financial Statement for the year ended March 31, 2023 (Contd.)

### 3.9 Related Party Transactions.

In accordance with the requirements of Ind AS 24, on related party disclosures, name of the related party, related party relationship, transactions, outstanding balances and with whom transactions have taken place during the reporting periods are given below:

#### Name and Relationships of the Related Parties:

| Sr No    | Name of the Related Party   |
|----------|---|
| <b>A</b> | <b>Ultimate Holding Company</b>   |
| 1        | Kirloskar Industries Limited  |
| <b>B</b> | <b>Holding Company</b>  |
| 1        | Kirloskar Ferrous Industries Limited ("KFIL")   |
| <b>C</b> | <b>Entity having Significant Influence</b>  |
| 1        | Asscher Enterprises Ltd. (formerly Indian Seamless Enterprises Ltd.) (upto November 24, 2022) |
| <b>D</b> | <b>Direct Subsidiary Companies</b>  |
| 1        | ISMT Enterprises SA, Luxembourg   |
| 2        | Tridem Port and Power Company Private Limited.  |
| 3        | Indian Seamless Inc, USA.   |
| 4        | Structo Hydraulics AB, Sweden   |
| <b>E</b> | <b>Indirect Subsidiary Companies</b>  |
| 1        | ISMT Europe AB, Sweden  |
| 2        | Nagapattinam Energy Private Limited.  |
| 3        | Best Exim Private Limited.  |
| 4        | Success Power and Infraprojects Private Limited   |
| 5        | Marshal Microware Infrastructure Development Company Private Limited.                         |
| 6        | PT ISMT Resources, Indonesia  |
| <b>F</b> | <b>Post Employment Benefit Plan of the Company</b>  |
| 1        | The Indian Seamless Metal Tubes Ltd Provident Fund (Unit -A)                                  |
| 2        | ISM TL Provident Fund (Unit B)  |
| 3        | ISSAL Provident Fund  |
| 4        | Indian Seamless Superannuation Scheme   |
| 5        | ISSAL Superannuation Fund   |
| 6        | Indian Seamless Gratuity Fund   |
| 7        | ISSAL Gratuity Fund   |

### I Key Management Personnel (KMP)

| Sr No | Name of the Related Party | Designation   |
|-------|---------------------------|---|
| 1     | Mr. Rahul Kirloskar       | Chairman (w.e.f. March 10, 2022)  |
| 2     | Mr. Ravindranath Gumaste  | Vice Chairman (w.e.f. March 10, 2022)   |
| 3     | Mr. Nishikant Ektare      | Managing Director (w.e.f. March 10, 2022)   |
| 4     | Mr. Rajiv Goel            | Chief Financial Officer (upto September 30, 2022)<br>Non Executive Director (upto March 17, 2023) |
| 5     | Mr. S G Patil             | Chief Financial Officer (w.e.f. November 05, 2022)  |
| 6     | Mr. S. Venkataramani      | Independent Director (w.e.f. March 10, 2022)  |
| 7     | Mrs. Shalini Sarin        | Independent Director (w.e.f. March 10, 2022)  |
| 8     | Mr. R Poornalingam        | Independent Director (upto March 07, 2023)  |
| 9     | Mr. Kanakraj M            | Independent Director  |
| 10    | Mr. Chetan Nathani        | Company Secretary   |



**Notes to Financial Statement for the year ended March 31, 2023 (Contd.)****i) Details of Transactions with Key Management Personnel: (KMP)**

|              |   | <b>Rs. In Crores</b> |                |
|--------------|---|----------------------|----------------|
| <b>Sr No</b> | <b>Nature of Transactions</b>                 | <b>2022-23</b>       | <b>2021-22</b> |
| 1            | Managerial Remuneration *                     | 9.87                 | 4.32           |
|              | Mr. Nishikant Ektare                          | 4.55                 | 0.08           |
|              | Mr. B. R. Taneja                              | -                    | 1.94           |
|              | Mr. O. P. Kakkar                              | -                    | 0.40           |
|              | Mr. Rajiv Goel                                | 4.85                 | 1.74           |
|              | Mr. S G Patil                                 | 0.29                 | -              |
|              | Mr. Chetan Nathani                            | 0.18                 | 0.16           |
| 2            | Commission to Non Executive Directors         | 1.08                 | -              |
|              | Mr. Rahul Kirloskar                           | 0.06                 | -              |
|              | Mr. Ravindranath Gumaste                      | 0.31                 | -              |
|              | Mr. Rajiv Goel                                | 0.03                 | -              |
|              | Mr. S. Venkataramani                          | 0.28                 | -              |
|              | Mrs. Shalini Sarin                            | 0.15                 | -              |
|              | Mr. R Poornalingam                            | 0.14                 | -              |
|              | Mr. Kanakraj M                                | 0.11                 | -              |
| 3            | Managerial Remuneration payable as on         | 7.52                 | 4.78           |
|              | Mr. Nishikant Ektare                          | 3.27                 | 0.08           |
|              | Mr. B. R. Taneja                              | 4.21                 | 4.21           |
|              | Mr. O. P. Kakkar                              | -                    | 0.40           |
|              | Mr. Rajiv Goel                                | -                    | 0.08           |
|              | Mr. S G Patil                                 | 0.03                 | -              |
|              | Mr. Chetan Nathani                            | 0.01                 | 0.01           |
| 4            | Commission Payable to Non Executive Directors | 0.97                 | -              |
|              | Mr. Rahul Kirloskar                           | 0.05                 | -              |
|              | Mr. Ravindranath Gumaste                      | 0.28                 | -              |
|              | Mr. Rajiv Goel                                | 0.03                 | -              |
|              | Mr. S. Venkataramani                          | 0.25                 | -              |
|              | Mrs. Shalini Sarin                            | 0.13                 | -              |
|              | Mr. R Poornalingam                            | 0.13                 | -              |
|              | Mr. Kanakraj M                                | 0.10                 | -              |
| 5            | Sitting Fees Paid                             | 0.44                 | 0.59           |
|              | Mr. Rahul Kirloskar                           | 0.05                 | 0.01           |
|              | Mr. Ravindranath Gumaste                      | 0.06                 | 0.01           |
|              | Mr. Rajiv Goel                                | 0.02                 | -              |
|              | Mr. S. Venkataramani                          | 0.07                 | 0.01           |
|              | Mrs. Shalini Sarin                            | 0.06                 | 0.01           |
|              | Mr. R Poornalingam                            | 0.11                 | 0.17           |
|              | Mr. Kanakraj M                                | 0.07                 | 0.17           |
|              | Mr. O. P. Kakkar                              | -                    | 0.06           |
|              | Ms Deepa Mathur                               | -                    | 0.15           |

\* Excludes provision for compensated leave and gratuity for KMP as liabilities are provided on overall Company basis and is not identified separately in actuarial valuation.

## Notes to Financial Statement for the year ended March 31, 2023 (Contd.)

### ii) Details of transactions with Related Parties:

Rs. In Crores

| Sr No | Nature of Transactions / Relationship  | 2022-23 |                                      | 2021-22 |                                       |
|-------|--|---------|--------------------------------------|---------|---------------------------------------|
| 1     | Sale of Goods<br>Kirloskar Ferrous Industries Limited<br>Structo Hydraulics AB, Sweden<br>ISMT Europe AB, Sweden<br>Asscher Enterprises Ltd. (formerly Indian Seamless Enterprises Ltd.)   | 17.54   | 0.87<br>10.51<br>6.16<br>-           | 76.27   | -<br>18.67<br>45.03<br>12.57          |
| 2     | Purchase of Raw Material<br>Kirloskar Ferrous Industries Limited   | 310.49  | 310.49                               | 13.32   | 13.32                                 |
| 3     | Commission on Sales<br>ISMT Europe AB, Sweden<br>Indian Seamless Inc, USA.   | 0.30    | 0.17<br>0.13                         | 4.60    | 4.47<br>0.13                          |
| 4     | Interest on Unsecured Loan<br>Kirloskar Ferrous Industries Limited   | 10.98   | 10.98                                | 1.05    | 1.05                                  |
| 5     | Reimbursement of expenses<br>Kirloskar Ferrous Industries Limited  | 0.09    | 0.09                                 | -       | -                                     |
| 6     | Loss Allowance<br>Structo Hydraulics AB, Sweden  | 18.54   | 18.54                                | -       | -                                     |
| 7     | Provision for Impairment in the Value of Investment in subsidiary Companies<br>Structo Hydraulics AB, Sweden<br>Tridem Port and Power Company Private Limited.   | 7.77    | 7.51<br>0.26                         | 78.41   | 53.17<br>25.24                        |
| 8     | Post Employment Benefits -Refer note "a"   | -       | -                                    | -       | -                                     |
| 9     | Advance Given - Equity Component<br>Tridem Port and Power Company Private Limited.   | 0.26    | 0.26                                 | 0.47    | 0.47                                  |
| 1     | <b>Outstanding as at Balance Sheet date</b><br>- Receivables<br>Kirloskar Ferrous Industries Limited<br>Structo Hydraulics AB, Sweden<br>ISMT Europe AB, Sweden<br>Asscher Enterprises Ltd. (formerly Indian Seamless Enterprises Ltd.)<br>Indian Seamless Inc, USA. | 42.00   | 0.15<br>18.54<br>-<br>10.57<br>12.74 | 55.04   | -<br>13.13<br>16.60<br>12.57<br>12.74 |
| 2     | Loss Allowances on Outstanding Balances<br>Indian Seamless Inc, USA.<br>Structo Hydraulics AB, Sweden  | 31.28   | 12.74<br>18.54                       | 12.74   | 12.74<br>-                            |
| 3     | - Payables<br>Kirloskar Ferrous Industries Limited<br>Indian Seamless Inc, USA.<br>ISMT Europe AB, Sweden  | 26.37   | 25.29<br>1.05<br>0.03                | 5.30    | 4.39<br>0.91<br>-                     |
| 4     | - Interest Payables on Unsecured Loan<br>Kirloskar Ferrous Industries Limited  | -       | -                                    | 0.94    | 0.94                                  |
| 5     | - Investment in Subsidiary Companies (Net of Impairment provision)   | 56.79   | 56.79                                | 64.31   | 64.31                                 |
| 6     | - Unsecured Loan Payable<br>Kirloskar Ferrous Industries Limited<br>Asscher Enterprises Ltd. (formerly Indian Seamless Enterprises Ltd.)   | 5.75    | -<br>5.75                            | 201.75  | 194.00<br>7.75                        |
| 7     | Post Employment Benefits -Refer note "b"   | -       | -                                    | -       | -                                     |

## Notes to Financial Statement for the year ended March 31, 2023 (Contd.)

- a) Contribution paid to Indian Seamless Superannuation Scheme Rs. 2.01 Crores (Previous Year Rs. 3.20 Crores), ISSAL Superannuation Fund Rs. 0.31 Crores (Previous Year Rs. 1.15 Crores), The Indian Seamless Metal Tubes Ltd Provident Fund Rs. 6.08 Crores (Previous Year Rs. 5.98 Crores), ISMTL Provident Fund (Unit B) Rs. 0.76 Crores (Previous Year Rs. 0.88 Crores) and Indian Seamless Gratuity Fund Rs. 5.28 Crores (Previous Year Rs. 4.10 Crores) and ISSAL Gratuity Fund Rs. 0.65 Crores (Previous Year Rs. 0.05 Crores)
- b) Payable to Indian Seamless Superannuation Scheme Rs. 0.21 Crores (Previous Year Rs. 1.76 Crores), ISSAL Superannuation Fund Rs. 0.07 Crores (Previous Year Rs. 0.23 Crores), The Indian Seamless Metal Tubes Ltd Provident Fund Rs. 0.38 Crores (Previous Year Rs. 1.87 Crores), ISMTL Provident Fund (Unit B) Rs. 0.04 Crores (Previous Year Rs. 0.34 Crores) and receivable from Indian Seamless Gratuity Fund Rs. 1.79 Crores (Previous Year Rs. 1.16 Crores) and ISSAL Gratuity Fund Rs. 0.37 Crores (Previous Year Rs. 0.42 Crores)

Transactions entered into with Related Party's are made on terms equivalent to those that prevail in arms length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables.

### 3.10 Income Tax Expenses

#### A The major components of income tax expenses for the year are as under:

|           |  | Rs. In Crores |               |
|-----------|--|---------------|---------------|
| Sr No.    | Particulars  | 2022-23       | 2021-22       |
| <b>I</b>  | <b>Income Tax recognised in the statement of profit and loss</b>       |               |               |
|           | Current tax  | 65.80         | 17.22         |
|           | Deferred tax   | 3.78          | 43.52         |
|           | Earlier Year Tax   | (8.82)        | (0.13)        |
|           | MAT Credit written off   | -             | 82.05         |
|           | <b>Total Income Tax recognised in the statement of profit and loss</b> | <b>60.76</b>  | <b>142.66</b> |
| <b>II</b> | <b>Income Tax recognised in Other Comprehensive Income</b>             |               |               |
|           | Income Tax on Remeasurement of Defined Benefit Plan                    | 0.83          | (1.97)        |
|           | <b>Total Income Tax recognised in Other Comprehensive Income</b>       | <b>0.83</b>   | <b>(1.97)</b> |

#### B Reconciliation of tax expenses and the accounting profit for the year is under:

|  |               | Rs. In Crores |  |
|--|---------------|---------------|--|
| Particulars  | 2022-23       | 2021-22       |  |
| <b>Accounting profit before income tax expenses</b>                      | <b>157.31</b> | 2,500.05      |  |
| Enacted tax rates in India (%)   | 25.168%       | 25.168%       |  |
| Expected income tax expenses   | 39.59         | 629.21        |  |
| <b>Tax Effect of :</b>   |               |               |  |
| Change in Tax Rate   | -             | 175.75        |  |
| Tax difference due to Profit on sale of assets chargeable to tax as LTCG | 6.19          | -             |  |
| Expenses on which no deduction is admissible                             | 7.13          | (0.11)        |  |
| Deferred tax (assets)/liability not recognised in earlier years          | 15.40         | (628.21)      |  |
| Earlier year taxes Written back  | (8.82)        | (0.13)        |  |
| Others   | 2.10          | (117.87)      |  |
| <b>Tax expenses recognised in statement of profit and loss</b>           | <b>61.59</b>  | 58.64         |  |
| MAT Credit written off   | -             | 82.05         |  |
| <b>Income Tax Expenses</b>   | <b>61.59</b>  | 140.69        |  |
| <b>Effective tax rate (%)</b>  | <b>39.15%</b> | 2.35%         |  |

There are certain income-tax related legal proceedings which are pending against the Company. Potential liabilities, if any have been adequately provided for or disclosed as contingent, as appropriate.

**Notes to Financial Statement for the year ended March 31, 2023 (Contd.)****C Significant components of Deferred tax assets & liabilities recognized in Financial Statements****As at March 31, 2023**

| <b>Rs. In Crores</b>   |                                |  |  |                                 |
|--|--------------------------------|--|--|---------------------------------|
| <b>Particulars</b>   | <b>As at<br/>April 1, 2022</b> | <b>Charged /<br/>(credited) to<br/>Statement of<br/>income</b> | <b>Charged /<br/>(credited) to<br/>OCI</b> | <b>As at<br/>March 31, 2023</b> |
| <b><u>Tax effect of item constituting Deferred Tax Liabilities</u></b>   |                                |  |  |                                 |
| i) Depreciation  | 127.62                         | 27.36  | -  | <b>100.26</b>                   |
|  | <u>127.62</u>                  | <u>27.36</u>   | <u>-</u>                                   | <u><b>100.26</b></u>            |
| <b><u>Tax effect of item constituting Deferred Tax Assets</u></b>  |                                |  |  |                                 |
| i) Provision for impairment in the Value of Investment in Subsidiaries   | 75.68                          | (39.30)  | -  | <b>36.38</b>                    |
| ii) Deduction eligible in future period in respect of expenses already debited to the Statement of Profit and Loss | 8.42                           | 8.16   |  | <b>16.58</b>                    |
| iii) Deferred Tax Liabilities on remeasurement gain/(loss).  | -                              | -  | (0.83)                                     | <b>(0.83)</b>                   |
|  | <u>84.10</u>                   | <u>(31.14)</u>   | <u>(0.83)</u>                              | <u><b>52.13</b></u>             |
| <b>Net Deferred Tax Asset /(Liability)</b>   | <u>(43.52)</u>                 | <u>(3.78)</u>  | <u>(0.83)</u>                              | <u><b>(48.13)</b></u>           |

**As at March 31, 2022**

| <b>Rs. In Crores</b>   |                                |  |  |                                 |
|--|--------------------------------|--|--|---------------------------------|
| <b>Particulars</b>   | <b>As at<br/>April 1, 2021</b> | <b>Charged /<br/>(credited) to<br/>Statement of<br/>income</b> | <b>Charged /<br/>(credited) to<br/>OCI</b> | <b>As at<br/>March 31, 2022</b> |
| <b><u>Tax effect of item constituting Deferred Tax Liabilities</u></b>   |                                |  |  |                                 |
| i) Depreciation  | 248.07                         | (120.45)   | -  | 127.62                          |
|  | <u>248.07</u>                  | <u>(120.45)</u>  | <u>-</u>                                   | <u>127.62</u>                   |
| <b><u>Tax effect of item constituting Deferred Tax Assets</u></b>  |                                |  |  |                                 |
| i) Accumulated Tax losses  | 149.73                         | 149.73   | -  | -                               |
| ii) Unabsorbed Tax Depreciation  | 189.09                         | 189.09   | -  | -                               |
| iii) Provision for impairment in the Value of Investment in Subsidiaries   | 20.40                          | (55.28)  |  | 75.68                           |
| iv) Deduction eligible in future period in respect of expenses already debited to the Statement of Profit and Loss | 517.06                         | 508.64   | -  | 8.42                            |
| v) Deferred tax assets restricted to the extent of deferred tax liabilities as on March 31, 2021                   | (628.21)                       | (628.21)   | -  | -                               |
|  | <u>248.07</u>                  | <u>163.97</u>  | <u>-</u>                                   | <u><b>84.10</b></u>             |
| vi) MAT Credit Entitlement   | 82.05                          | 82.05  | -  | -                               |
|  | <u>330.12</u>                  | <u>246.02</u>  | <u>-</u>                                   | <u><b>84.10</b></u>             |
| <b>Net Deferred Tax Asset/ (Liability)</b>   | <u><b>82.05</b></u>            | <u><b>125.57</b></u>   | <u><b>-</b></u>                            | <u><b>(43.52)</b></u>           |

## Notes to Financial Statement for the year ended March 31, 2023 (Contd.)

### 3.11 Disclosure as required by Ind AS - 19 Employee Benefits

#### Retirement benefit obligations

#### 1 Defined Contribution plan

The Company has recognized the following amounts as an expense and included under the head “ Employee Benefits Expense” – Contribution to Provident and other Fund :

Rs. In Crores

| Particulars  | 2022-23     | 2021-22      |
|--|-------------|--------------|
| a) Employer's Contribution to Provident Fund and Employee Pension Scheme | 6.81        | 8.51         |
| b) Employer's Contribution to Superannuation Fund                        | 0.60        | 5.22         |
| c) Employer's Contribution to Employee State Insurance Corporation       | 0.17        | 0.13         |
| <b>Total</b>   | <b>7.58</b> | <b>13.86</b> |

In respect of provident fund trust of the Company, there is no deficit of interest shortfall with regards to future obligation arising due to interest shortfall.

#### 2 Defined benefit plan

##### Gratuity and Leave Encashment

Gratuity is payable to all eligible employees of the company on retirement, death, permanent disablement and resignation in terms of the provision of the Payment of Gratuity Act, 1972. The benefits would be paid at the time of separation.

The following tables summarises the changes in the projected benefit obligation and plan assets and amounts recognised in the Balance Sheet as at March 31, 2023 and March 31, 2022, being the respective measurement dates:

Rs. In Crores

| Sr No.    | Particulars   | Gratuity (Funded) |              | Leave Encashment* |              |
|-----------|---|-------------------|--------------|-------------------|--------------|
|           |   | 2022-23           | 2021-22      | 2022-23           | 2021-22      |
| <b>a)</b> | <b>Changes in present value of defined benefit obligations</b>              |                   |              |                   |              |
|           | Present value of defined benefit obligation at the beginning of the Year    | 49.23             | 41.06        | 10.87             | 9.03         |
|           | Current Service Cost  | 2.11              | 1.82         | 0.72              | 0.66         |
|           | Interest Cost   | 3.29              | 2.69         | 0.71              | 0.60         |
|           | Actuarial changes arising from change in financial assumptions              | (0.70)            | (0.76)       | (0.18)            | (0.18)       |
|           | Actuarial changes arising from change in experience adjustments             | 0.38              | 8.47         | 0.37              | 1.35         |
|           | Benefits paid   | (6.91)            | (4.05)       | (2.16)            | (0.59)       |
|           | <b>Present value of defined benefit obligation at the end of the Year</b>   | <b>47.40</b>      | <b>49.23</b> | <b>10.33</b>      | <b>10.87</b> |
| <b>b)</b> | <b>Changes in fair value of Plan Assets:</b>                                |                   |              |                   |              |
|           | Fair value of Plan Assets as at beginning of the Year                       | 44.30             | 41.57        | 1.56              | -            |
|           | Interest Income   | 3.03              | 2.75         | 0.11              | 0.05         |
|           | Return on plan assets excluding interest income                             | 2.99              | (0.12)       | (0.01)            | -            |
|           | Employer Contribution   | 5.93              | 4.15         | 0.05              | 1.51         |
|           | Benefits paid   | (6.90)            | (4.05)       | (0.01)            | -            |
|           | <b>Fair value of plan Assets as at end of the Year</b>                      | <b>49.35</b>      | <b>44.30</b> | <b>1.70</b>       | <b>1.56</b>  |
| <b>c)</b> | <b>Net asset / (liability) recognised in the balance sheet</b>              |                   |              |                   |              |
|           | Present value of defined benefit obligation at the end of the Year          | 47.40             | 49.23        | 10.33             | 10.87        |
|           | Fair value of plan Assets as at end of the Year                             | 49.35             | 44.30        | 1.70              | 1.56         |
|           | Amount recognised in the Balance Sheet                                      | 1.95              | (4.93)       | (8.63)            | (9.31)       |
|           | Net (liability) / assets - Current  | 1.95              | (4.93)       | (1.89)            | (2.81)       |
|           | Net (liability) / assets - Non - current                                    | -                 | -            | (6.74)            | (6.50)       |
| <b>d)</b> | <b>Expenses recognised in the Statement of Profit and Loss for the year</b> |                   |              |                   |              |
|           | Current Service Cost  | 2.11              | 1.82         | 0.72              | 0.66         |
|           | Interest Cost on benefit obligation (net)                                   | 0.14              | (0.18)       | 0.59              | 0.55         |
|           | Actuarial (gain)/ Loss  | -                 | -            | 0.20              | 1.16         |
|           | <b>Total expenses included in employee benefits expenses</b>                | <b>2.25</b>       | <b>1.64</b>  | <b>1.51</b>       | <b>2.37</b>  |

## Notes to Financial Statement for the year ended March 31, 2023 (Contd.)

| Sr No. | Particulars   | Rs. In Crores     |             |                   |          |
|--------|---|-------------------|-------------|-------------------|----------|
|        |   | Gratuity (Funded) |             | Leave Encashment* |          |
|        |   | 2022-23           | 2021-22     | 2022-23           | 2021-22  |
| e)     | <b>Recognised in other comprehensive income for the year</b>                                  |                   |             |                   |          |
|        | Actuarial changes arising from change in financial assumptions                                | (0.70)            | (0.76)      | -                 | -        |
|        | Actuarial changes arising from change in experience adjustments                               | 0.38              | 8.47        | -                 | -        |
|        | Return on plan assets excluding interest income   | (2.99)            | 0.12        | -                 | -        |
|        | <b>Recognised in other comprehensive income</b>   | <b>(3.31)</b>     | <b>7.83</b> | <b>-</b>          | <b>-</b> |
| f)     | <b>Estimate of expected defined benefit obligation (in absolute terms) i.e. undiscounted)</b> |                   |             |                   |          |
|        | within the next 12 months   | 9.37              | 10.88       | 1.89              | 2.81     |
|        | Between 2 to 5 Years  | 27.55             | 24.75       | 4.94              | 4.22     |
|        | 6 years and onwards   | 33.13             | 35.11       | 5.63              | 5.43     |
| g)     | <b>Quantitative sensitivity analysis for significant assumption</b>                           |                   |             |                   |          |
|        | 1 % increase in discount rate   | 45.21             | 46.86       | 9.78              | 10.30    |
|        | 1% decrease in discount rate  | 49.81             | 51.85       | 10.95             | 11.51    |
|        | 1% increase in salary growth rate   | 49.44             | 51.47       | 10.87             | 11.43    |
|        | 1% decrease in salary growth rate   | 45.51             | 47.16       | 9.84              | 10.36    |
|        | 1% increase in employee withdrawal rate   | 47.77             | 49.53       | -                 | -        |
|        | 1% decrease in employee withdrawal rate   | 47.02             | 48.91       | -                 | -        |

The above sensitivity analysis is based on a change in an assumption while holding the 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 within the balance sheet.

| Sr No. | Particulars  | Gratuity (Funded) |                | Leave Encashment* |                |
|--------|--|-------------------|----------------|-------------------|----------------|
|        |  | 2022-23           | 2021-22        | 2022-23           | 2021-22        |
| h)     | <b>Percentage of each Category of Plan Assets to total Fair Value of Plan Assets as at end of the Year</b> |                   |                |                   |                |
|        | Government of India Securities   | 0.57%             | 1.35%          | 0.00%             | 0.00%          |
|        | Corporate Bonds  | 0.00%             | 0.06%          | 0.00%             | 0.00%          |
|        | Special Deposit Scheme   | 0.16%             | 0.17%          | 0.00%             | 0.00%          |
|        | Insurer Managed Funds  | 99.19%            | 98.38%         | 100.00%           | 100.00%        |
|        | Others   | 0.08%             | 0.04%          | 0.00%             | 0.00%          |
|        | <b>Total</b>   | <b>100.00%</b>    | <b>100.00%</b> | <b>100.00%</b>    | <b>100.00%</b> |
| i)     | <b>Principal Actuarial Assumptions used as at the Balance Sheet date :</b>                                 |                   |                |                   |                |
|        | Discount Rate  | 7.50%             | 7.20%          | 7.50%             | 7.20%          |
|        | Expected Rate of Return on Plan Assets   | 7.20%             | 6.90%          | 7.20%             | 6.90%          |
|        | Salary Escalation Rate   | 4.00%             | 4.00%          | 4.00%             | 4.00%          |
| j)     | <b>Expected Contribution for the next year</b>   | <b>5.93</b>       | <b>4.15</b>    | <b>0.05</b>       | <b>2.81</b>    |

\* Leave encashment partially funded

# Information provided above is based on management inputs

The assumption of future salary increase takes into account the inflation, seniority, promotion and other relevant factors such as supply and demand in employment market. The above information is certified by the Actuary.

**Notes to Financial Statement for the year ended March 31, 2023 (Contd.)****3.12 Earnings per share**

Net profit available to equity holders of the Company used in the basic and diluted earnings per share was determined as follows:

|   | <b>Rs. In Crores</b> |                |
|---|----------------------|----------------|
| <b>Particulars</b>  | <b>2022-23</b>       | <b>2021-22</b> |
| Net Profit / (Loss) for the year attributable to Equity Shareholders (Rs. In Crore) | <b>96.55</b>         | 2,357.39       |
| Weighted Average Number of Equity Shares outstanding for basic and diluted          | <b>30,05,01,383</b>  | 15,57,83,575   |
| Face Value of Equity Share (in Rs.)   | <b>5.00</b>          | 5.00           |
| Earnings Per Share (in Rs.) (Basic and Diluted)                                     | <b>3.21</b>          | 151.32         |

**3.13 Miscellaneous Income includes:**

|  | <b>Rs. In Crores</b> |                |
|--|----------------------|----------------|
| <b>Particulars</b>   | <b>2022-23</b>       | <b>2021-22</b> |
| i) Provision for Expenses / payables no longer required written back | <b>1.43</b>          | 12.69          |
| ii) Bad Debts recovered  | <b>2.50</b>          | 0.04           |
| iii) Others  | <b>0.30</b>          | 0.80           |
| <b>Total</b>   | <b>4.23</b>          | 13.53          |

**3.14 Miscellaneous Expenses includes:**

|  | <b>Rs. In Crores</b> |                |
|--|----------------------|----------------|
| <b>Particulars</b>                                 | <b>2022-23</b>       | <b>2021-22</b> |
| i) Repair and Maintenance - Others                 | <b>0.10</b>          | 0.03           |
| ii) Directors Sitting Fees                         | <b>0.44</b>          | 0.58           |
| iii) Auditors Remuneration                         |                      |                |
| a) Statutory Audit Fees (Including Limited Review) | <b>0.32</b>          | 0.30           |
| b) Out of Pocket Expenses                          | <b>0.01</b>          | 0.01           |
| c) Cost Auditor Fees                               | <b>0.06</b>          | 0.06           |
| d) Others  | <b>0.01</b>          | 0.08           |
| iv) Provisions for Loss Allowance                  | <b>23.71</b>         | 1.87           |
| v) Provisions for pending Legal Cases – Others     | -                    | 1.09           |
| vi) CSR Expenses                                   | <b>11.57</b>         | -              |
| vii) Financial Restructuring Expenses              | -                    | 15.95          |
| viii) Claim receivable written off                 | -                    | 11.07          |
| ix) Others   | <b>18.38</b>         | 8.70           |
| <b>Total</b>                                       | <b>54.60</b>         | 39.74          |

**3.15 Non Current Financial Assets – Investments**

Investment in Subsidiary – Equity Component (At Cost)

|  | <b>Rs. In Crores</b>        |                             |
|--|-----------------------------|-----------------------------|
| <b>Particulars</b>   | <b>As at March 31, 2023</b> | <b>As at March 31, 2022</b> |
| i) Structo Hydraulics AB, Sweden (Refer Note No. 3.17)                       | <b>16.58</b>                | 16.58                       |
| ii) Advance to Tridem Power and Port Company Pvt. Ltd. (Refer Note No. 3.18) | <b>115.23</b>               | 114.97                      |
| <b>Total</b>   | <b>131.81</b>               | 131.55                      |

**3.16 Exceptional Items :**

|   |                      | <b>Rs. In Crores</b> |                |
|---|----------------------|----------------------|----------------|
| <b>Particulars</b>  | <b>Refer Note No</b> | <b>2022-23</b>       | <b>2021-22</b> |
| i) Provision for Impairment in the value of Investments in Subsidiaries | 3.17 & 3.18          | <b>7.77</b>          | 78.41          |
| ii) Write back of outstanding principal debt and unpaid interest        | 3.2                  | -                    | (2,775.96)     |
| iii) Government Dues Receivable written off                             | 3.19 (i)             | -                    | 39.53          |
| iv) Provision for Impairment in value of CPP Plant                      | 3.19 (ii)            | -                    | 163.92         |
| <b>Total</b>  |                      | <b>7.77</b>          | (2,494.10)     |



## Notes to Financial Statement for the year ended March 31, 2023 (Contd.)

**3.17** The Company and through its Subsidiary Company, ISMT Enterprises S.A., Luxembourg has invested Rs. 48.43 Crores in Structo Hydraulics AB, Sweden (SHAB). The Company has received approval from regulatory authorities for conversion into equity of an amount of Rs. 33.33 Crores (USD 5 Million) due from SHAB, out of which Rs. 16.75 Crores has been converted into equity. Considering the challenging emerging global situation and notwithstanding that the business is considered strategic and long term and pending the assessment of the same, based on the valuation report of the Independent Valuer, the Company has conservatively made additional provision for impairment of Rs. 7.51 Crores in the current financial year (Previous Year Rs. 53.17 Crores) (total impairment provision of Rs. 60.68 Crores as at March 31, 2023) as per Ind AS 36 "Impairment of Assets" and disclosed the same as an exceptional item.

**3.18** Tridem Port and Power Company Private Limited (TPPCL), a wholly owned subsidiary of the Company, along with its subsidiaries had proposed to set up a thermal power project and captive port in Tamil Nadu. TPPCL had obtained the approvals for the projects including acquisition of land but no construction activity had commenced. However, on account of subsequent adverse developments, the TPPCL could not pursue these projects. Government is giving considerable focus to infrastructure by both higher budgetary allocation and various other initiatives. This is expected to create multiple opportunities leading to positive impact on projects like TPCPL. Consequent upon change in management, considering the above, the Company is evaluating the future potential and opportunities for TPPCL.

Considering inter alia present status of the project, prevailing power sector scenario, long lasting impact of Covid pandemic on the project and recoverable amount as per the project valuation report, the Company after considering the impairment provision made in previous financial year, have made additional provision for impairment of Rs. 0.26 Crores of the amount invested in TPPCL for the year ended March 31, 2023 as per Ind AS 36 "Impairment of Assets" and disclosed under the head "Exceptional Items" in the Statement of Profit and Loss. (Previous Year Rs. 25.24 Crores). Total impairment provision of Rs. 83.88 Crores as at March 31, 2023.

**3.19 i)** The Company had entered into Energy Banking Agreement dated May 07, 2010 with MSEDCL for a period of one year with provision for annual renewals. MSEDCL did not, however, actually permit Banking of energy once the plant was commissioned resulting in significantly higher cost to the Company. The same was challenged by the Company before Maharashtra Electricity Regulatory Commission (MERC) which vide its Interim Order dated June 20, 2014 had allowed Banking. MERC finally disallowed Company's petition regarding banking of energy facility under Energy Banking Agreement (EBA) vide its orders dated June 20, 2014 and January 12, 2015. The Company filed an appeal before the Appellate Tribunal for Electricity (APTEL) against the said order which was not allowed by the APTEL vide its order dated April 1, 2016. The Company's appeal, challenging the APTEL order is pending before the Hon'ble Supreme Court. The Company had accrued EBA benefit aggregating to Rs. 49.97 Crores up to March 31, 2014, of which amount outstanding as on March 31, 2022 is Rs. 39.53 Crores, representing excess energy charges paid to Maharashtra State Electricity Distribution Company Limited (MSEDCL) on account of non-availability of banking of energy facility. There has been no further accrual since April 1, 2014 on account of suspension of operation of power plant.

The Company has strong case for breach of contract. Consequent upon change in management, considering uncertainties and inordinate delays, the Company has decided to write off the recoverable dues of Rs. 39.53 Crores while continuing to pursue the case on merits and disclosed the said write-off amount under the head "Exceptional Items" in the Statement of Profit and Loss for the year ended March 31, 2022.

**ii)** Consequent upon change in Management, the Company was evaluating afresh all the available options for Captive Power project (CPP) either operating the plant or closing it down as a whole or otherwise maximizing value. The Company continued to take adequate steps for preserving the value of the plant including pursuing for wrongful denial of the Banking at the Supreme Court. There was, however, an increasing focus on clean and renewable energy being environment friendly. There had also been a surge in commodity prices including coal and the recent geo political developments have added further uncertainty to both availability and pricing of coal. Considering these major developments and the fact that the plant has not been operated for over eight years and unstable CPP policies, the Company had valued the CPP on conservative basis, notwithstanding the upside potential of positive Supreme Court outcome or the surging demand for power, after considering the valuation report of the Independent Valuer provided for impairment of Rs. 163.92 Crores to the carrying amount of CPP for the year ended March 31, 2022 as per Ind AS 36 "Impairment of Assets" and disclosed the same under the head "Exceptional Items" in the Statement of Profit and Loss of previous year. The management after considering all available options classified these assets as held for sales during current financial year and effectively sold the captive power plant in the current year on Slump Sale basis at a consideration of Rs 65.71 Crores as on 28th February 2023, resulting in profit on sale of assets of Rs 6.45 Crores.

**Notes to Financial Statement for the year ended March 31, 2023 (Contd.)**

- 3.20 a)** In view of the rapidly growing economy, the Company had planned expansion in capacities and also envisaged setting up of Captive Power Plant. However, number of subsequent development viz economic slow-down leading to steep fall in demand, dumping of tubes by China, regulatory changes and other adverse developments severely impacted the Company. Thus the assets created by Company were highly under utilized resulting in inability to service the debt. The Company had since been working with lenders for resolution of debt in terms of RBI scheme prevailing from time to time.

The Banks had pursued various schemes for Debt Resolution – the Banks initially contemplated restructuring which was approved by JLM but could not be concluded at banks end. The Banks then opted for OSDR and despite successful conclusion of OSDR resulting in identification of the investor, the OSDR could not be implemented due to RBI Circular dated February 12, 2018 scrapping all their schemes for stressed assets. The Banks then agreed to take up assignment of debt as Resolution Plan in terms of the aforesaid circular, pursuant to which bulk of Bank Debt was assigned to Asset Restructuring Companies (ARCs). The majority of lenders of the Company had also signed Inter Credit Agreement as per RBI guidelines for restructuring of debt. However, restructuring and assignment of further debt could not be concluded due to covid pandemic.

After considering restructuring of debt subsequent to covid pandemic, the lenders opted for One Time Settlement (OTS) of entire outstanding debt for Rs 670 Crores along with change in management. After due process the lenders approved OTS along with change in management by Kirloskar Ferrous Industries Ltd (KFIL) acquiring majority stake in the Company. After requisite approvals, the lenders executed the OTS agreement on January 31, 2022.

- (b)** In order to fund the OTS, the Board of Directors of the Company proposed to make preferential allotment of 15.40 Crores equity shares at a price of Rs 30.95 per equity share (equivalent to 51.25% of the post issue equity share capital of the Company) to KFIL, for a total consideration of Rs 476.63 Crores, which was duly approved by shareholders of the Company at the Extra Ordinary General Meeting held on December 22, 2021. After obtaining various regulatory approvals, KFIL invested Rs.476.63 Crores towards preferential allotment of 15.40 Crores equity shares at Rs 30.95 per equity share and also extended unsecured loan of Rs 194 Crores. The proceeds of the Preferential Allotment together with unsecured loan from KFIL of Rs 194 Crores were utilized as per terms of Agreements towards payment of OTS amount.

Accordingly, during the FY 2021-22 the Company has written back outstanding principal debt and unpaid interest due to lenders amounting to Rs 2,775.96 Crores and disclosed the said write-back amounts under the head “Exceptional Items” in the Statement of Profit and Loss for the year ended March 31, 2022.

- 3.21** Interest income includes interest received from Banks of Rs. 1.85 Crores (Previous year Rs. 1.37 Crores).

**3.22 Financial risk management**

The Company’s principal financial liabilities, other than derivatives, comprise borrowings, trade and other payables and other financial liabilities. The main purpose of these financial liabilities is to finance and support the Company’s operations. The Company’s principal financial assets include investments, loans, trade and other receivables, cash and short-term deposits and other financial assets that have been derived directly from its operations. The Company also enters into derivative transactions.

**Risk management framework**

Company’s board of directors has overall responsibility for establishment of Company’s risk management framework and formed Risk Management Committee. Management is responsible for developing and monitoring Company’s risk management policies, under the guidance of Risk Management Committee. Management identifies, evaluate and analyses the risks to which the company is exposed to and set appropriate risk limits and controls to monitor risks and adherence to limits. Management periodically reviews its risk policy and systems to assess need for changes in the policies to adapt to the changes in market conditions and align the same to the business of the Company.

**a) Credit risk**

Credit risk is the risk of financial loss arising from counterparty failure to repay or service debt according to the contractual terms or obligations. Credit risk encompasses both the direct risk of default and the risk of deterioration of creditworthiness.

Credit risk from Trade receivables is managed as per the Company’s established policy, procedures and control relating to customer credit risk management. Credit limits are established for all customers based on internal criteria reviewed and monitored from time to time. Majority of the customers are long standing customers and regularly monitored by individual business managers who deal with those customers. Management monitors trade receivables on regular basis and take suitable action where needed to control the receivables crossing set criteria / limits.

Management does an impairment analysis at each reporting date as per set procedure and computes credit loss allowance based on a provision matrix. Further, the Company’s customers base is widely distributed both economically as well as geographically and in view of the same, the quantum risk also gets spread across wide base and hence management considers risk with respect to trade receivable as low. There is no single customer have more than 10% outstanding trade receivables.

## Notes to Financial Statement for the year ended March 31, 2023 (Contd.)

Expected credit loss for trade receivables under simplified approach as at the end of each reporting period is as follows:

Rs. In Crores

| Particulars   | As at<br>March 31, 2023 | As at<br>March 31, 2022 |
|---|-------------------------|-------------------------|
| Gross Carrying Amount   | 368.16                  | 320.17                  |
| Less: Loss Allowance  | 40.33                   | 16.62                   |
| <b>Carrying amount of trade receivables (Net of impairment)</b> | <b>327.83</b>           | <b>303.55</b>           |

### b) Liquidity risk.

The Company manages the liquidity risk by maintaining adequate funds in cash and cash equivalents. Working capital requirements are adequately addressed by internally generated funds. Trade receivables are kept within manageable levels. Company aims to maintain the level of its cash and cash equivalents at levels to meet its expected cash outflows on operational and financial liabilities.

The table below provides details regarding the remaining contractual maturities of financial liabilities at the reporting date based on contractual undiscounted payments

Rs. In Crores

| Particulars                             | Not Due      | ON<br>Demand | Less than<br>1 year | 1 to 5<br>years | More than<br>5 years | Total         |
|---|--------------|--------------|---------------------|-----------------|----------------------|---------------|
| <b><u>March 31, 2023</u></b>            |              |              |                     |                 |                      |               |
| Borrowings                              | -            | -            | 74.65               | -               | -                    | 74.65         |
| Trade and other payables                | 86.34        | 0.01         | 121.10              | -               | -                    | 207.45        |
| Lease Liabilities                       | -            | -            | 1.67                | 5.69            | -                    | 7.36          |
| Other financial liabilities             | -            | -            | 40.71               | -               | -                    | 40.71         |
| Other Non Current financial liabilities | -            | -            | -                   | -               | -                    | -             |
| <b>Total</b>                            | <b>86.34</b> | <b>0.01</b>  | <b>238.13</b>       | <b>5.69</b>     | <b>-</b>             | <b>330.17</b> |
| <b><u>March 31, 2022</u></b>            |              |              |                     |                 |                      |               |
| Borrowings                              | -            | -            | 201.75              | -               | -                    | 201.75        |
| Trade and other payables                | 64.19        | 10.36        | 138.34              | -               | -                    | 212.89        |
| Lease Liabilities                       | -            | -            | 0.70                | 2.91            | -                    | 3.61          |
| Other financial liabilities             | -            | -            | 30.05               | -               | -                    | 30.05         |
| Other Non Current financial liabilities | -            | -            | -                   | -               | -                    | -             |
| <b>Total</b>                            | <b>64.19</b> | <b>10.36</b> | <b>370.84</b>       | <b>2.91</b>     | <b>-</b>             | <b>448.30</b> |

This section sets out an analysis of net debt and the movements in net debt for the year ended 31 March 2023

Rs. In Crores

| Particulars               | As at<br>March 31, 2023 | As at<br>March 31, 2022 |
|---------------------------|-------------------------|-------------------------|
| Cash and cash equivalents | 25.67                   | 47.70                   |
| Current borrowings        | (74.65)                 | (201.75)                |
| Non-current borrowings    | -                       | -                       |
| <b>Net Debt</b>           | <b>(48.98)</b>          | <b>(154.05)</b>         |

Rs. In Crores

| Particulars                         | Cash<br>and cash<br>equivalents | Current<br>borrowings | Non Current<br>borrowings | Total             |
|-------------------------------------|---------------------------------|-----------------------|---------------------------|-------------------|
| <b>Net debt as on 1 April 2022</b>  | <b>47.70</b>                    | <b>(201.75)</b>       | <b>-</b>                  | <b>(154.05)</b>   |
| Cash flows                          | (22.03)                         | 127.10                | -                         | 105.07            |
| <b>Net debt as on 31 March 2023</b> | <b>25.67</b>                    | <b>(74.65)</b>        | <b>-</b>                  | <b>(48.98)</b>    |
| <b>Net debt as on 1 April 2021</b>  | <b>30.31</b>                    | <b>(2,021.22)</b>     | <b>(65.68)</b>            | <b>(2,056.59)</b> |
| Cash flows                          | 17.39                           | 1,819.47              | 65.68                     | 1,902.54          |
| <b>Net debt as on 31 March 2022</b> | <b>47.70</b>                    | <b>(201.75)</b>       | <b>-</b>                  | <b>(154.05)</b>   |

**Notes to Financial Statement for the year ended March 31, 2023 (Contd.)****c) Competition and pricing risk**

The Company faces competition from local and foreign competitors. Nevertheless, it believes that it has competitive advantage in terms of high quality products and by continuously upgrading its expertise and range of products to meet the needs of its customers.

**d) Market risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises following types of risks :

**i. Interest Rate Risk**

Depending upon the business requirements, the Company's exposure to the risk of changes in market interest rates relates primarily to the debt obligations. The Company has not used any interest rate derivatives.

The Company has fixed interest rate borrowing in form of Buyers Credit as at March 31, 2023 of Rs. 68.90 Crores, Hence the Company does not foresee any interest rate risk.

**ii. Foreign Currency Risk and sensitivity**

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

Primarily, the exposure in foreign currencies is denominated in USD, EURO. At any point in time, Company covers foreign currency risk by taking appropriate measures.

**Details of total exposure (Hedged & Unhedged) in foreign currency denominated monetary items:**

| Currency                  | As at<br>March 31, 2023           |              | As at<br>March 31, 2022           |              |
|---------------------------|-----------------------------------|--------------|-----------------------------------|--------------|
|                           | Foreign<br>Currency<br>in Million | Rs in Crores | Foreign<br>Currency in<br>Million | Rs in Crores |
| <b>Secured Borrowings</b> |                                   |              |                                   |              |
| USD                       | 8.39                              | 68.90        | -                                 | -            |
| <b>Receivables</b>        |                                   |              |                                   |              |
| USD                       | 0.55                              | 4.56         | 5.01                              | 3.80         |
| EURO                      | 2.75                              | 24.55        | 3.49                              | 29.37        |
| Australian Dollar         | -                                 | -            | 0.00                              | 0.01         |
| GBP                       | -                                 | -            | 0.03                              | 0.24         |
| <b>Payables</b>           |                                   |              |                                   |              |
| USD                       | 2.93                              | 24.15        | 2.25                              | 17.11        |
| EURO                      | 0.09                              | 0.76         | 0.10                              | 0.44         |

The Company manages its foreign currency risk by entering into forward contracts. As at March 31, 2023 and March 31, 2022, the Company has hedged the following of its foreign currency exposure related to payables:

| Nature of Exposure                        | As at<br>March 31, 2023           |              | As at<br>March 31, 2022           |              |
|---|-----------------------------------|--------------|-----------------------------------|--------------|
|   | Foreign<br>Currency<br>in Million | Rs in Crores | Foreign<br>Currency in<br>Million | Rs in Crores |
| <b>Foreign currency-Forward contracts</b> |                                   |              |                                   |              |
| USD                                       | 2.00                              | 16.42        | -                                 | -            |

## Notes to Financial Statement for the year ended March 31, 2023 (Contd.)

The following tables demonstrate the sensitivity to a reasonably possible change in USD and EUR exchange rates, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities. The impact on the Company's pre-tax equity is due to changes in the Company's profit before tax. The Company's exposure to foreign currency changes for all other currencies is not material.

| As at          | Change in Foreign Currency Rate | Effect on profit before tax | Effect on pre tax Equity |
|----------------|---------------------------------|-----------------------------|--------------------------|
| March 31, 2023 | +5%                             | (2.41)                      | (2.41)                   |
|                | -5%                             | 2.41                        | 2.41                     |
| March 31, 2022 | +5%                             | (0.78)                      | (0.78)                   |
|                | -5%                             | 0.78                        | 0.78                     |

### iii. Commodity price risk

The Company is exposed to the movement in price of key raw materials in domestic and international markets. The Company reviews the prices of key raw materials on periodically and enters into most of the contracts for procurement of material on short term fixed price basis. Hence the Company does not foresee any commodity price risk as such.

### 3.23 Capital Management

For the purpose of the Company's capital management, capital includes issued equity capital and all other equity reserves attributable to the equity holders of the Company. The primary objective of the Company's Capital management is to safeguard continuity, maintain a strong credit rating and healthy capital ratios in order to support its business and provide adequate return to shareholders through continuing growth.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. The funding requirement is met through a mixture of equity, internal accruals, long term borrowings and short term borrowings.

In order to achieve this overall objective, the Company's capital management, amongst other things, aim to ensure that its meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements.

### 3.24 Fair value measurement

A) The carrying value and Fair value of Financial assets and liabilities by categories are as follows :

| Particulars  | Rs. In Crores                                       |                      |   |                      |
|--|---|----------------------|---|----------------------|
|  | Carrying value of the financial assets/ liabilities |                      | Fair value of the financial assets/ liabilities |                      |
|  | As at March 31, 2023                                | As at March 31, 2022 | As at March 31, 2023                            | As at March 31, 2022 |
| <b>Financial Assets at amortised cost (non-current)</b>      |   |                      |   |                      |
| Deposits with Banks (maturity more than 12 months)           | -   | 0.66                 | -   | 0.66                 |
| Security Deposits  | 19.26   | 18.03                | 19.26   | 18.03                |
| <b>Total</b>   | <b>19.26</b>  | <b>18.69</b>         | <b>19.26</b>                                    | <b>18.69</b>         |
| <b>Financial Assets at amortised cost (current)</b>          |   |                      |   |                      |
| Trade Receivables  | 327.83  | 303.55               | 327.83  | 303.55               |
| Cash and Cash Equivalents                                    | 25.67   | 47.70                | 25.67   | 47.70                |
| Bank Balance other than Cash and Cash Equivalents            | 1.48  | 2.18                 | 1.48  | 2.18                 |
| Loans  | 1.18  | 1.00                 | 1.18  | 1.00                 |
| Other financial Assets                                       | 8.56  | 7.22                 | 8.56  | 7.22                 |
| <b>Total</b>   | <b>364.72</b>                                       | <b>361.65</b>        | <b>364.72</b>                                   | <b>361.65</b>        |
| <b>Financial Liabilities at amortised cost (non-current)</b> |   |                      |   |                      |
| Borrowings   | -   | -                    | -   | -                    |
| Lease Liabilities  | 5.69  | 2.91                 | 5.69  | 2.91                 |
| <b>Total</b>   | <b>5.69</b>   | <b>2.91</b>          | <b>5.69</b>                                     | <b>2.91</b>          |

**Notes to Financial Statement for the year ended March 31, 2023 (Contd.)**

| Particulars  | Rs. In Crores                                       |                      |   |                      |
|--|---|----------------------|---|----------------------|
|  | Carrying value of the financial assets/ liabilities |                      | Fair value of the financial assets/ liabilities |                      |
|  | As at March 31, 2023                                | As at March 31, 2022 | As at March 31, 2023                            | As at March 31, 2022 |
| <b>Financial Liabilities at amortised cost (current)</b> |   |                      |   |                      |
| Borrowings   | 74.65   | 201.75               | 74.65   | 201.75               |
| Lease Liabilities  | 1.67  | 0.70                 | 1.67  | 0.70                 |
| Trade and Other Payables                                 | 207.45  | 212.89               | 207.45  | 212.89               |
| Other financial Liabilities                              | 40.71   | 30.05                | 40.71   | 30.05                |
| <b>Total</b>   | <b>324.48</b>                                       | <b>445.39</b>        | <b>324.48</b>                                   | <b>445.39</b>        |

Fair value of cash and cash equivalents, loan and advances, trade receivables, trade payables, other financial assets/liabilities approximate their carrying amounts largely due to the short term maturities of these instruments. Methods and assumptions used to estimate the fair values are consistent with those used for the year ended March 31, 2022

Carrying value of non-current financial assets and liabilities are considered to be same as their fair value due to discounting at rate which are an approximation of incremental borrowing rate.

In accordance with Ind AS 27 “Separate Financial Statement”, the Company has valued its investment in subsidiaries at cost.

During the reporting period ended March 31, 2023 and March 31, 2022, there were no transfers between level 1, level 2 and level 3 fair value measurements.

All the financial assets and financial liabilities are measured at amortised cost using level 3 inputs.

**3.25 Loans or Advances to Specified Persons :**

During the year, the Company has not granted any Loans or Advances in the nature of loans to promoters, directors, KMPs and the related parties (as defined under Companies Act, 2013), either severally or jointly with any other person.

**3.26 Relationship with Struck off Companies :**

The Company has transactions with companies struck off under section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956 and details of the same are as per below :

(Amount in Rs.)

| Sr. No. | Name of the Struck Off Company                             | Nature of transactions with struck off Company | Relationship with the Struck off company, if any, to be disclosed | As at March 31, 2023 | As at March 31, 2022 |
|---------|--|--|---|----------------------|----------------------|
| 1       | Beriwal Finance And Holdings Private Limited               | Shares held by stuck off company               | NA  | (5)                  | (5)                  |
| 2       | Devdoot Investment And Leasing Co Pvt Ltd                  | Shares held by stuck off company               | NA  | (1,000)              | (1,000)              |
| 3       | HMG Financial Services Company Ltd                         | Shares held by stuck off company               | NA  | (5,500)              | (5,500)              |
| 4       | Maskai Financial Consultants Private Limited               | Shares held by stuck off company               | NA  | (500)                | (500)                |
| 5       | N.R.I. Financial Services Limited                          | Shares held by stuck off company               | NA  | (2,165)              | (2,165)              |
| 6       | North Point Properties Private Limited                     | Shares held by stuck off company               | NA  | (775)                | (775)                |
| 7       | PCI Vanijya Pvt Ltd  | Shares held by stuck off company               | NA  | (2,500)              | (2,500)              |
| 8       | Sarvopari Solid Investment Ltd                             | Shares held by stuck off company               | NA  | (9,000)              | (9,000)              |
| 9       | Vighnaharta Investment And Finance Company Private Limited | Shares held by stuck off company               | NA  | (1,500)              | (1,500)              |
| 10      | Alpvij Investments Private Limited                         | Shares held by stuck off company               | NA  | (42,500)             | (42,500)             |



**Notes to Financial Statement for the year ended March 31, 2023 (Contd.)**

| Sr. No. | Name of the Struck Off Company                   | Nature of transactions with struck off Company | Relationship with the Struck off company, if any, to be disclosed | As at March 31, 2023 | As at March 31, 2022 |
|---------|--|--|---|----------------------|----------------------|
| 11      | Unicon Fincap Pvt. Ltd                           | Shares held by stuck off company               | NA  | (32,500)             | (32,500)             |
| 12      | Compair International Ltd                        | Shares held by stuck off company*              | NA  | (21,730)             | (21,730)             |
| 13      | DSM Capital Ltd                                  | Shares held by stuck off company*              | NA  | (500)                | (500)                |
| 14      | Ideal Leasing Co. Ltd.                           | Shares held by stuck off company*              | NA  | (50,000)             | (50,000)             |
| 15      | Jubilee Financiers Pvt Ltd                       | Shares held by stuck off company*              | NA  | (310)                | (310)                |
| 16      | K & A Securities Pvt Ltd.                        | Shares held by stuck off company*              | NA  | (25,250)             | (25,250)             |
| 17      | Mandvi Coop Bank Ltd                             | Shares held by stuck off company*              | NA  | (900)                | (900)                |
| 18      | Pushpanjali Leasing & Finance Pvt Ltd            | Shares held by stuck off company*              | NA  | (500)                | (500)                |
| 19      | Shiva Finalease P Ltd                            | Shares held by stuck off company*              | NA  | (24,500)             | (24,500)             |
| 20      | Shree Bahubali International Ltd                 | Shares held by stuck off company*              | NA  | (500)                | (500)                |
| 21      | Drientech Engineers Private Limited              | Advance To Supplier                            | NA  | 2,10,000             | 2,10,000             |
| 22      | Spice Projects Engineering India Private Limited | Advance To Supplier                            | NA  | 2,96,000             | -                    |

\* Based on name search, we could not find the said entity on MCA portal and no other relevant information is available in the Company database including its CIN. In view of the same and as abundant caution, we have disclosed these entities as Struck off entities.

Negative figures represent credit balances.

**3.27 Registration of charges or satisfaction with Registrar of Companies (ROC)****Rs. In Crores**

| Sr. No. | Brief Description of Charge                  | Location of the Registrar | Amount of Charge | Period up to which charge satisfaction to be registered | Reason for delay   |
|---------|--|---------------------------|------------------|---|--|
| 1       | Industrial Development Bank of India Limited | Pune                      | 10               | 04-May-22 <sup>^</sup>                                  | The Company has received NOC from lender and e-form CHG-4 was also digitally signed by the lender. However, due to technical error, the e-form could not be uploaded on MCA website. The Company has submitted application with ROC informing of the said technical error and requesting to update its record with charge satisfaction, in this regard. The same is still under process at the end of the ROC. |

<sup>^</sup> charge satisfaction delay cases

**3.28 Ultimate Beneficiary : Utilisation of Borrowed funds and share premium:**

No funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

No funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.



## Notes to Financial Statement for the year ended March 31, 2023 (Contd.)

### 3.29 Analytical Ratios:

Rs. In Crores

| Particulars                         |                                     | 2022-23  |       | 2021-22  |           | Deviation |
|-------------------------------------|-------------------------------------|----------|-------|----------|-----------|-----------|
|                                     |                                     | Amount   | Ratio | Amount   | Ratio     |           |
| a) Current Ratio*                   | Current Assets                      | 881.29   | 2.22  | 804.37   | 1.59      | 39.20%    |
|                                     | Current Liabilities                 | 397.33   |       | 504.81   |           |           |
| b) Debt-Equity Ratio*               | Total Debt                          | 82.01    | 0.05  | 206.30   | 0.15      | -62.85%   |
|                                     | Shareholders Equity                 | 1,514.81 |       | 1,415.78 |           |           |
| c) Debt Service Coverage Ratio**    | Earnings available for debt service | 257.49   | 2.49  | 68.02    | 0.31      | 699.45%   |
|                                     | Total Debt Service                  | 103.25   |       | 218.05   |           |           |
| d) Return on Equity Ratio#          | Net Profit After Tax                | 96.55    | 6.6%  | 2,357.39 | 138670.0% | -100.00%  |
|                                     | Avg. Shareholders Equity            | 1,465.30 |       | 1.70     |           |           |
| e) Inventory Turnover Ratio         | Cost of Goods Sold                  | 1,374.65 | 3.07  | 1,238.58 | 3.19      | -3.74%    |
|                                     | Average Inventory                   | 447.35   |       | 387.99   |           |           |
| f) Trade Receivables Turnover Ratio | Net Sales                           | 2,533.53 | 8.03  | 2,123.41 | 7.22      | 11.21%    |
|                                     | Average Accounts Receivable         | 315.69   |       | 294.24   |           |           |
| g) Trade Payables Turnover Ratio    | Net Credit Purchases                | 1,648.09 | 7.84  | 1,502.08 | 8.75      | -10.40%   |
|                                     | Average Accounts Payables           | 210.17   |       | 171.62   |           |           |
| h) Net Capital Turnover Ratio***    | Net Sales                           | 2,533.53 | 5.23  | 2,123.41 | 7.09      | -26.15%   |
|                                     | Working Capital                     | 483.96   |       | 299.56   |           |           |
| i) Net Profit Ratio#                | Net Profit After Tax                | 96.55    | 3.8%  | 2,357.39 | 111.0%    | -96.57%   |
|                                     | Net Sales                           | 2,533.53 |       | 2,123.41 |           |           |
| j) Return on Capital Employed****   | Earning Before Interest and Taxes   | 186.32   | 11.3% | 18.64    | 1.1%      | 912.12%   |
|                                     | Total Assets - Current Liabilities  | 1,644.95 |       | 1,665.60 |           |           |
| k) Return on Investment @           | Income from Investment              | 24.03    | 3.8%  | 12.00    | 3.5%      | 9.35%     |
|                                     | Average Investment                  | 630.32   |       | 344.20   |           |           |

Notes :

- 1 The amounts of assets, liabilities and net profits for the current year as well as previous year is inclusive of components of exceptional nature and hence these analytical ratios are not truly reflecting the operations and financials of the Company. These exceptional components includes unpaid overdue debts in previous year and impairment of assets and investments in subsidiaries in current year.
- 2 \*Improvement in current ratio and Debt equity ratio due to reduction in bank borrowing.
- 3 \*\*Improvement in Debt Service Coverage ratio due to better earning after settlement of long pending Overdue Debt through settlement process.
- 4 \*\*\* Better payment settlement terms after improved cash flow situation had resulted in temporary increased working capital requirement.
- 5 \*\*\*\* Better operational efficiency had resulted in better return on capital employed.
- 6 # Previous year Return on Equity ratio and Net profit ratio was impacted due to one time settlement of borrowings with banks.
- 7 @ The ratio is worked out on Fixed Deposit investments return. Which is not actual return but an annualised return.

## Notes to Financial Statement for the year ended March 31, 2023 (Contd.)

### 3.30 Corporate Social Responsibility (CSR)

Company is required to incur expenditure on CSR activities under section 135 (5) of the Companies Act 2013. as below:-

| Rs. In Crores |   |                                      |                                    |                                 |                      |
|---------------|---|--------------------------------------|------------------------------------|---------------------------------|----------------------|
| Sr. No.       | Amount required to be spent during the year | Actual Expenditure during the year * | Shortfall (if any) during the year | Shortfalls during Previous Year | Reason for Shortfall |
| 1             | 11.57                                       | 11.57                                | -                                  | -                               | -                    |

#### \*Nature of Expense

The Company has contributed funds to implementing agency for ongoing projects of promoting education by way of construction of Hostel, civil and other work. Out of above Rs. 0.34 Crores are spent during the year and the Company has ensured that the unutilised CSR funds are kept in a separate Bank account as required by Section 135 (6) of the Companies Act 2013.

There are no transactions related to CSR expenditure with related parties as defined in Ind AS-24 "Related Party Disclosure."

### 3.31 Events occurring after the Balance Sheet date

No adjusting or significant non - adjusting events have occurred between the reporting date and the date of authorisation of these financial statements.

### 3.32 Undisclosed income

There are no transactions that has been not recorded in the books of accounts and has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961.

### 3.33 Details of Crypto Currency or Virtual currency

There are no transaction/holding of crypto or virtual currency.

### 3.34 Previous year figures have been regrouped/ rearranged, wherever considered necessary to conform to current year's classification.

As per our report of even date

**For P G BHAGWAT LLP**

Chartered Accountants

Firm Registration No. 101118W/W100682

**CA Nachiket Deo**

Partner

M. No.117695 M. No.117695

Pune, May 3, 2023

For and on behalf of the Board of Directors

**Nishikant Ektare**

Managing Director

DIN No.: 02109633

**Chetan Nathani**

Company Secretary

FCS No.: 9836

Pune, May 3, 2023

**Rahul Kirloskar**

Chairman

DIN No.: 00007319

**Suresh Patil**

Chief Financial Officer

M. No. 216509

**INDEPENDENT AUDITORS' REPORT****To the Members of ISMT Limited****Report on the Audit of the Consolidated Financial Statements****Opinion**

We have audited the accompanying consolidated Financial Statements of ISMT Limited (hereinafter referred to as the 'Company' or 'Holding Company') and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group"), which comprise the consolidated Balance Sheet as at March 31, 2023, and the consolidated statement of Profit and Loss (including Other Comprehensive Income), the consolidated statement of Changes in Equity and the consolidated statement of Cash Flows for the year then ended, and notes to the consolidated Financial Statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the 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 reports of other auditors on separate Financial Statements and on the other financial information of the subsidiaries, 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 accounting principles generally accepted in India, of the consolidated state of affairs of the Group and as at March 31, 2023, of the consolidated profit (including other comprehensive income), consolidated changes in equity and its consolidated cash flows for the year then ended.

**Basis for Opinion**

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the consolidated Financial Statements section of our report. We are independent of the Group 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 consolidated Financial Statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics.

We believe that the audit evidence obtained by us along with the consideration of audit reports of the other auditors referred to in the "Other Matters" paragraph below, is sufficient and appropriate to provide a basis for our opinion on the consolidated financial statements.

**Emphasis of Matters:**

- a. We draw attention to note no 3.15 of the Consolidated Financial Statement, regarding impairment provision of carrying value of Goodwill on consolidation of Rs. 6.43 Crores recognised at the time of investment made by parent company in Tridem Port and Power Company Private Limited (TPPCPL) and Indian Seamless Inc., USA.

- b. We draw attention to note no. 3.2 of the Consolidated Financial Statement, that the company is in the process of discharging the obligation regarding remuneration payable to Erstwhile Managing Director of the Company amounting to Rs 4.20 Crore cumulative up to March 31, 2022 based on legal opinion and requisite approvals.

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgment and based on the consideration of reports of other auditors on separate financial statements of components audited by them, were of most significance in our audit of the consolidated Financial Statements of the current period. 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.

We have determined the matter described below to be the key audit matter to be communicated in our report.

**Impairment of Goodwill on consolidation:**

The consolidated financial statement carries Goodwill amounting to Rs. 6.43 Crores as at March 31, 2022. This goodwill was recorded on the acquisition of subsidiaries a) Tridem Port and Power Company Private Limited and b) Indian Seamless Inc, USA. During the year, management undertook an assessment of Goodwill arrived on consolidation and made provision of impairment amounting to Rs. 6.43 Crores. Hence, in consolidated financial statement, Goodwill is NIL as at March 31, 2023.

Refer following notes to the Consolidated Financial Statements:

- Key accounting judgements, estimates and assumptions- Note no. 2.29
- Significant accounting policies on impairment of non-financial assets- Note no. 2.24
- Goodwill on Consolidation- Note no. 1.1
- Provision for impairment in value of Goodwill- Note no. 3.15 & 3.16

The Group tests goodwill for impairment annually as per requirement of 'Ind AS 36, Impairment of Assets' which involves significant management estimates and judgements. We have identified this as a key audit matter due to significant management estimates and judgements involved in impairment testing.

Our audit methodology included the following:

- Obtained and understood the management process and evaluated the design and tested operating effectiveness of controls over identification of impairment indicators and process followed by the management for impairment testing.
- Obtained an understanding of Group's evaluation of identification of cash generating units and allocation of goodwill to the respective cash generating units.
- Evaluated reasonableness of assumptions and methodologies used by the Group.
- Discussed the key assumptions and sensitivities with management and those charged with governance.

- Considered the disclosures in the consolidated financial statements for compliance with disclosure requirements in relation to impairment

#### **Other Information**

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis, Corporate Governance and Board of Director's report, but does not include the consolidated Financial Statements and our auditor's 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 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 in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

#### **Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements**

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated Financial Statements in term of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance (including other comprehensive income), the consolidated statement of changes in equity and consolidated cash flows of the Group in accordance 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. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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 Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Financial Statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated Financial Statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going

concern and using the going concern basis of accounting unless respective management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are responsible for overseeing the financial reporting process of the Group.

#### **Auditor's Responsibilities 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 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 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 Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to consolidated financial statements in place and the operating effectiveness of such controls based on our audit.
- 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 ability of the Group 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.

- 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 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 included in the consolidated Financial Statements of which we are the independent auditors. For the other entities included in the consolidated Financial Statements, 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.

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

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

From the matters communicated with those charged with governance, 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**

We did not audit the financial statements of Nine subsidiaries, whose financial statements reflect total assets of Rs 146.92 Crores as at 31 March 2023, total revenue of Rs. 36.58 Crores, NIL Other comprehensive income and Total comprehensive income of Rs. (10.99) Crores (comprising of profit/(loss)) and net cash inflows/(outflows) amounting to Rs (3.10) Crores for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management, and our opinion on the consolidated Financial Statements insofar as it relates to the amounts and disclosures included in respect of these

subsidiaries and our report in terms of sub-section (3) of Section 143 of the Act insofar as it relates to the aforesaid subsidiaries, is based solely on the reports of the other auditors.

In case of subsidiaries located outside India, financial statements and other financial information have been prepared in accordance with accounting principles generally accepted in their respective countries and have been audited by other auditors under generally accepted auditing standards applicable in their respective countries. The Holding Company's management has converted the financial statements of such subsidiaries located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. We have audited these conversion adjustments, if any, made by the Company's management. Our opinion in so far as it relates to the balances and affairs of such subsidiaries located outside India is based on the report of other auditors and the aforesaid conversion adjustments prepared by the management of the Holding Company and audited by us.

We did not audit the financial statements of One subsidiary, whose financial statements reflect total assets of Rs 0.01 Crores as at 31 March 2023, NIL revenue, NIL other comprehensive income and total comprehensive income (comprising of profit/(loss)) of Rs. (0.00) Crores and net cash inflows/(outflows) amounting to Rs 0.00 Crores for the year ended on that date, as considered in the consolidated financial statements. These financial statements are unaudited and have been furnished to us by the Management, and our opinion on the consolidated Financial Statements insofar as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-section (3) of Section 143 of the Act insofar as it relates to the aforesaid subsidiaries, is based solely on such unaudited financial statements. In our opinion and according to the information and explanations given to us by the Management, this financial statement is not material to the Group.

The consolidated financial statements of the group for the year ended March 31, 2022 were audited by the predecessor auditors who expressed an unmodified opinion on those financial statements vide their audit report dated May 09, 2022.

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 certified by the Management.

#### **Report on Other Legal and Regulatory Requirements**

1. With respect to the matters specified in paragraphs 3(xxi) and 4 of the Companies (Auditor's Report) Order, 2020 (the "Order"/ "CARO") issued by the Central Government in terms of Section 143(11) of the Act, to be included in the Auditor's report, according to the information and explanations given to us, and based on the CARO reports issued by us for the Company and by respective auditors for its subsidiaries included in the consolidated financial statements of the Company, to which reporting under CARO is applicable, we report that there are no qualifications or adverse remarks in these CARO reports.



2. As required by Section 143(3) of the Act, based on our audit and on the consideration of reports of the other auditors on separate financial statements of such subsidiaries as were audited by other auditors, as noted in the 'Other Matters' paragraph, we report 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 preparation of the 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 Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated Financial Statements.
  - d) In our opinion, the aforesaid consolidated Financial Statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended.
  - e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2023 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on March 31, 2023 from being appointed as a director in terms of Section 164(2) of the Act.
  - f) With respect to the adequacy of the internal financial controls with respect to financial reporting of the Holding Company, its subsidiary companies incorporated in India, and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".
  - g) As required by section 197 (16) of the Act; in our opinion and according to the information and explanations given to us and based on the reports of the statutory auditors of such subsidiary companies incorporated in India which were not audited by us, the remuneration paid during the current year by the Holding Company, its subsidiary companies to its directors is in accordance with the provisions of section 197 of the Act. The remuneration paid to any director by the Holding Company and its subsidiary companies is not in excess of the limit laid down under section 197 of the Act.
  - h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on separate financial statements of the subsidiaries as noted in the 'Other Matters' paragraph:
    - (i) The consolidated Financial Statements disclose the impact, if any, of pending litigations as at March 31, 2023 on the consolidated financial position of the Group— Refer Note 3.1 to the consolidated financial statements.
    - (ii) The Group did not have any material foreseeable losses on long-term contracts including derivative contracts.
    - (iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company, and its subsidiary companies incorporated in India during the year ended March 31, 2023.
    - (iv) (a) The respective management of the Company and its subsidiaries incorporated in India and audited by us, have represented to us that and based on the consideration of the reports of the other auditors on separate financial statements of the subsidiaries, incorporated in India, as noted in the 'Other Matters' paragraph, we note that, to the best of knowledge and belief of respective management of such companies, other than as disclosed in the notes to the accounts to the financial statements, if any, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company or by any of such subsidiaries to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company or by any of such subsidiaries ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

- (b) The respective management of the Company and its subsidiaries incorporated in India and audited by us, have represented to us that and based on the consideration of the reports of the other auditors on separate financial statements of the subsidiaries incorporated in India, as noted in the 'Other Matters' paragraph, we note that, to the best of knowledge and belief of respective management of such companies, other than as disclosed in the notes to the accounts to the Financial Statements, if any, no funds have been received by the Company or by any of such subsidiaries from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company or by any of such subsidiaries shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- (c) Based on the information and explanation given to us and audit procedures performed by us as considered reasonable and appropriate in the circumstances on the Company and its subsidiaries incorporated in India and audited by us, and based on the consideration of the reports of the other auditors on separate financial statements of the subsidiaries incorporated in India and not audited by us, nothing has come to our notice that has caused us to believe that the representations made by the respective managements of such companies and as mentioned under sub-clause (iv)(a) and (iv)(b) above contain any material misstatement.
- (v) The Company has not declared or paid dividend during the year.
- (vi) The requirement to the use of accounting software for maintaining Company's books of account which has a feature of recording audit trail (edit log) facility, as prescribed under rule 3(1) of the Companies (Accounts) Rules, 2014, is deferred to financial years commencing on or after April 1, 2023, therefore reporting under Rule 11(g) of Companies (Audit & Auditors) Rules, 2014 is not applicable for financial year ended on March 31, 2023.

**For P G BHAGWAT LLP**

Chartered Accountants

Firm Registration Number: 101118W/W100682

**Nachiket Deo**

Partner

Membership Number: 117695

UDIN: 23117695BGXKOT1544

Place: Pune

Date: May 03, 2023



## ANNEXURE A TO THE INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 2 (f) under the heading, "Report on Other legal and Regulatory Requirements" of our report on even date:

### **Report on the Internal Financial Controls with reference to Consolidated Financial Statements 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 Company as of and for the year ended 31 March 2023, we have audited the internal financial controls with reference to the Consolidated Financial Statements of ISMT Limited (hereinafter referred to as the "Company" or "Holding Company") and its subsidiaries which are incorporated in India, as of that date.

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

The respective management of the companies incorporated in India included in the Holding Company, subsidiaries, which are 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 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 Act.

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on the internal financial controls with reference to the Consolidated Financial Statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal financial controls over financial reporting (the "Guidance Note") and the Standards on Auditing, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. 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 Consolidated 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 internal financial controls with reference to Consolidated Financial Statements and their operating effectiveness. Our audit of internal financial controls with reference to Consolidated Financial Statements included obtaining an understanding of internal financial with reference to Consolidated Financial Statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error.

We believe that the audit evidence we have obtained, and audit evidence obtained by other auditors of the relevant subsidiary in terms of their reports referred to in the other matter paragraph below is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to Consolidated Financial Statements.

### **Meaning of Internal Financial Controls with reference to the Consolidated Financial Statements**

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

### **Inherent Limitations of Internal Financial Controls with reference to the Consolidated Financial Statements**

Because of the inherent limitations of internal financial controls with reference to the Consolidated 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 the Consolidated Financial Statements to future periods are subject to the risk that the internal financial control with reference to the Consolidated 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 and based on the audit reports of other auditors, the Holding Company, its subsidiaries incorporated in India have, in all material respects, adequate internal financial controls with reference to Consolidated Financial Statements and such internal financial controls with reference to Consolidated Financial Statements were operating effectively as at March 31, 2023, based on the internal control over financial reporting criteria established by the such 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.

#### **Other Matters**

Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to consolidated financial statements insofar as it relates to Five subsidiary companies, which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India. Our opinion is not modified in respect of this matter.

#### **For P G BHAGWAT LLP**

Chartered Accountants

Firm Registration Number: 101118W/W100682

#### **Nachiket Deo**

Partner

Membership Number: 117695

UDIN: 23117695BGXKOT1544

Place: Pune

Date: May 03, 2023

**CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2023**

Rs. In Crores

| Particulars  | Note No. | As at<br>March 31, 2023 |                 | As at<br>March 31, 2022 |                 |
|--|----------|-------------------------|-----------------|-------------------------|-----------------|
| <b>ASSETS</b>  |          |                         |                 |                         |                 |
| <b>Non - Current Assets</b>                                |          |                         |                 |                         |                 |
| a) Property, Plant and Equipment                           | 1.1      | 1,018.73                |                 | 1,120.03                |                 |
| b) Capital Work-in-Progress                                | 1.1      | 19.08                   |                 | 3.57                    |                 |
| c) Goodwill on Consolidation                               | 1.1      | -                       |                 | 6.43                    |                 |
| d) Financial Assets  |          |                         |                 |                         |                 |
| i) Others Financial Assets                                 | 1.2      | 19.30                   |                 | 18.74                   |                 |
| e) Other Non Current Assets                                | 1.3      | 13.97                   |                 | 2.87                    |                 |
| <b>Sub Total</b>   |          |                         | <b>1,071.08</b> |                         | <b>1,151.64</b> |
| <b>Current Assets</b>                                      |          |                         |                 |                         |                 |
| a) Inventories   | 1.4      | 476.92                  |                 | 435.05                  |                 |
| b) Financial Assets  |          |                         |                 |                         |                 |
| i) Trade Receivables                                       | 1.5      | 308.33                  |                 | 286.09                  |                 |
| ii) Cash and Cash Equivalents                              | 1.6      | 27.30                   |                 | 52.43                   |                 |
| iii) Bank Balance other than (ii) above                    | 1.7      | 1.48                    |                 | 2.18                    |                 |
| iv) Loans  | 1.8      | 1.18                    |                 | 1.00                    |                 |
| v) Others Financial Assets                                 | 1.9      | 8.56                    |                 | 7.22                    |                 |
| c) Other Current Assets                                    | 1.10     | 46.89                   |                 | 19.05                   |                 |
| <b>Sub Total</b>   |          |                         | <b>870.66</b>   |                         | <b>803.02</b>   |
| <b>Total Assets</b>  |          |                         | <b>1,941.74</b> |                         | <b>1,954.66</b> |
| <b>EQUITY AND LIABILITIES</b>                              |          |                         |                 |                         |                 |
| <b>EQUITY</b>  |          |                         |                 |                         |                 |
| a) Equity Share Capital                                    | 1.11     | 150.25                  |                 | 150.25                  |                 |
| b) Other Equity  | 1.12     | 1,327.61                |                 | 1,236.21                |                 |
| <b>Equity attributable to Parent Company</b>               |          | <b>1,477.86</b>         |                 | <b>1,386.46</b>         |                 |
| <b>Non Controlling Interest</b>                            |          | <b>0.11</b>             |                 | <b>0.11</b>             |                 |
| <b>Total Equity</b>  |          |                         | <b>1,477.97</b> |                         | <b>1,386.57</b> |
| <b>LIABILITIES</b>   |          |                         |                 |                         |                 |
| <b>Non - Current Liabilities</b>                           |          |                         |                 |                         |                 |
| a) Financial Liabilities                                   |          |                         |                 |                         |                 |
| i) Lease Liabilities                                       | 1.13     | 5.69                    |                 | 2.91                    |                 |
| b) Provisions  | 1.14     | 7.45                    |                 | 7.57                    |                 |
| c) Deferred Tax Liabilities (Net)                          | 1.15     | 48.13                   |                 | 43.52                   |                 |
| <b>Sub Total</b>   |          |                         | <b>61.27</b>    |                         | <b>54.00</b>    |
| <b>Current Liabilities</b>                                 |          |                         |                 |                         |                 |
| a) Financial Liabilities                                   |          |                         |                 |                         |                 |
| i) Borrowings  | 1.16     | 76.89                   |                 | 205.76                  |                 |
| ii) Lease Liabilities                                      | 1.17     | 1.67                    |                 | 0.70                    |                 |
| iii) Trade and Other Payables                              | 1.18     |                         |                 |                         |                 |
| - Dues of Micro and Small Enterprises                      |          | 14.19                   |                 | 18.49                   |                 |
| - Dues of Creditors other than Micro and Small Enterprises |          | 192.93                  |                 | 195.94                  |                 |
| iv) Other Financial Liabilities                            | 1.19     | 43.03                   |                 | 32.25                   |                 |
| b) Other Current Liabilities                               | 1.20     | 49.00                   |                 | 38.24                   |                 |
| c) Provisions  | 1.21     | 2.17                    |                 | 9.78                    |                 |
| d) Current Tax Liabilities (Net)                           | 1.22     | 22.62                   |                 | 12.93                   |                 |
| <b>Sub Total</b>   |          |                         | <b>402.50</b>   |                         | <b>514.09</b>   |
| <b>Total Equity and Liabilities</b>                        |          |                         | <b>1,941.74</b> |                         | <b>1,954.66</b> |
| Significant Accounting Policies                            | 2        |                         |                 |                         |                 |
| Notes to Accounts  | 3        |                         |                 |                         |                 |

As per our report of even date

**For P G BHAGWAT LLP**

Chartered Accountants

Firm Registration No. 101118W/W100682

**CA Nachiket Deo**

Partner

M. No.117695 M. No.117695

Pune, May 3, 2023

For and on behalf of the Board of Directors

**Nishikant Ektare**

Managing Director

DIN No.: 02109633

**Chetan Nathani**

Company Secretary

FCS No.: 9836

Pune, May 3, 2023

**Rahul Kirloskar**

Chairman

DIN No.: 00007319

**Suresh Patil**

Chief Financial Officer

M. No. 216509

**CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2023**

| Rs. In Crores  |          |                 |                 |          |                 |
|--|----------|-----------------|-----------------|----------|-----------------|
| Particulars  | Note No. | 2022-23         |                 | 2021-22  |                 |
| <b>INCOME</b>  |          |                 |                 |          |                 |
| Revenue from Operations  |          |                 |                 |          |                 |
| <b>Sale of Products</b>  | 1.23     | <b>3,895.33</b> |                 | 3,288.25 |                 |
| Less: Inter Segment Transfers  |          | <b>1,230.51</b> |                 | 1,003.79 |                 |
| : Inter Division Transfers   |          | <b>95.97</b>    |                 | 89.64    |                 |
| : Sales to Subsidiary / Parent Company   |          | <b>16.66</b>    |                 | 63.70    |                 |
| Net Sales  |          |                 | <b>2,552.19</b> |          | 2,131.12        |
| Other Operating Income   | 1.24     |                 | <b>28.02</b>    |          | 29.48           |
| Other Income   | 1.25     |                 | <b>17.97</b>    |          | 21.43           |
| <b>Total Income</b>  |          |                 | <b>2,598.18</b> |          | <b>2,182.03</b> |
| <b>EXPENSES:</b>   |          |                 |                 |          |                 |
| Cost of Materials Consumed   | 1.26     |                 | <b>1,390.54</b> |          | 1,279.83        |
| Changes in Inventories of Finished Goods & Work-in-Progress  | 1.27     |                 | <b>(7.46)</b>   |          | (45.36)         |
| Employee Benefits Expense  | 1.28     |                 | <b>167.62</b>   |          | 169.21          |
| Finance Costs  | 1.29     |                 | <b>21.68</b>    |          | 13.21           |
| Depreciation   | 1.30     |                 | <b>58.58</b>    |          | 62.43           |
| Other Expenses   | 1.31     |                 | <b>812.20</b>   |          | 697.18          |
| <b>Total Expenses</b>  |          |                 | <b>2,443.16</b> |          | <b>2,176.50</b> |
| <b>Profit / (Loss) Before Exceptional Item and Tax</b>   |          |                 | <b>155.02</b>   |          | 5.53            |
| <b>Exceptional Items (net) (Refer Note No. 3.15)</b>   |          |                 | <b>6.43</b>     |          | (2,511.38)      |
| <b>Profit / (Loss) Before Tax</b>  |          |                 | <b>148.59</b>   |          | <b>2,516.91</b> |
| <b>Tax Expenses</b>  |          |                 |                 |          |                 |
| Current Tax  |          |                 | <b>65.80</b>    |          | 17.22           |
| Deferred Tax   |          |                 | <b>3.78</b>     |          | 43.52           |
| Earlier Years Tax  |          |                 | <b>(8.73)</b>   |          | 0.04            |
| MAT Credit written off   |          |                 | <b>-</b>        |          | 82.05           |
| <b>Profit / (Loss) for the Year</b>  |          |                 | <b>87.74</b>    |          | <b>2,374.08</b> |
| <b>Other Comprehensive Income</b>  |          |                 |                 |          |                 |
| <b>a) Items that will not be reclassified to profit or loss</b>                                    |          |                 |                 |          |                 |
| (i) Re-measurement of gain/ (loss) on defined benefit plans  |          |                 | <b>3.31</b>     |          | (7.83)          |
| (ii) Income tax effect on above  |          |                 | <b>(0.83)</b>   |          | 1.97            |
| <b>b) Items that will be reclassified to profit or loss</b>  |          |                 |                 |          |                 |
| (i) Foreign Currency Translation Reserve   |          |                 | <b>1.19</b>     |          | (0.35)          |
| (ii) Income tax effect on above  |          |                 | <b>-</b>        |          | -               |
| <b>Other Comprehensive Income</b>  |          |                 | <b>3.67</b>     |          | (6.21)          |
| <b>Total Comprehensive Income for the year</b>   |          |                 | <b>91.41</b>    |          | <b>2,367.87</b> |
| <b>Profit / (Loss) attributable to :</b>   |          |                 |                 |          |                 |
| Equity Shareholders of Parent Company  |          |                 | <b>87.73</b>    |          | 2,374.21        |
| Non Controlling Interest   |          |                 | <b>0.01</b>     |          | (0.13)          |
| <b>Other Comprehensive Income attributable to :</b>  |          |                 |                 |          |                 |
| Equity Shareholders of Parent Company  |          |                 | <b>3.67</b>     |          | (6.21)          |
| Non Controlling Interest   |          |                 | <b>-</b>        |          | -               |
| <b>Total Comprehensive Income attributable to :</b>  |          |                 |                 |          |                 |
| Equity Shareholders of Parent Company  |          |                 | <b>91.40</b>    |          | 2,368.00        |
| Non Controlling Interest   |          |                 | <b>0.01</b>     |          | (0.13)          |
| Earnings Per Share (in Rs.) (Basic and Diluted) (Face Value of Rs. 5/- each) (Refer Note No. 3.12) |          |                 | <b>2.92</b>     |          | 152.40          |
| Significant Accounting Policies  | 2        |                 |                 |          |                 |
| Notes to Accounts  | 3        |                 |                 |          |                 |

As per our report of even date

**For P G BHAGWAT LLP**

Chartered Accountants

Firm Registration No. 101118W/W100682

**CA Nachiket Deo**

Partner

M. No.117695 M. No.117695

Pune, May 3, 2023

For and on behalf of the Board of Directors

**Nishikant Ektare**

Managing Director

DIN No.: 02109633

**Chetan Nathani**

Company Secretary

FCS No.: 9836

Pune, May 3, 2023

**Rahul Kirloskar**

Chairman

DIN No.: 00007319

**Suresh Patil**

Chief Financial Officer

M. No. 216509

**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2023**

Rs. In Crores

|      | Particulars  | 2022-23  |                 | 2021-22    |                |
|------|--|----------|-----------------|------------|----------------|
| i)   | <b>CASH FLOW FROM OPERATING ACTIVITIES :</b>                             |          |                 |            |                |
|      | Net Profit / (Loss) Before Tax   |          | 148.59          |            | 2,516.91       |
|      | Adjustments for :  |          |                 |            |                |
|      | Depreciation   | 58.58    |                 | 62.43      |                |
|      | Finance Costs  | 21.68    |                 | 13.21      |                |
|      | Interest Income  | (3.84)   |                 | (4.36)     |                |
|      | Excess Provision written back  | (1.62)   |                 | (12.52)    |                |
|      | Claim Receivable written off   | -        |                 | 11.07      |                |
|      | Exceptional Items (net) (Refer Note No 3.15)                             | -        |                 | (2,511.38) |                |
|      | Unrealised Exchange (Gain) / Loss / Foreign Currency Translation Reserve | 0.59     |                 | 1.18       |                |
|      | Provision for Doubtful Debts   | 23.68    |                 | 1.87       |                |
|      | Loss/ (Profit) on Sale of assets (net) and asset discarded               | -        |                 | -          |                |
|      | Imparement of Goodwill   | 6.43     |                 | -          |                |
|      | Loss/(Profit) on Sales of Assets Net & Assets Discarded                  | (6.45)   |                 | -          |                |
|      | Provision for Doubtful Advances  | 0.25     | 99.30           | -          | (2,438.50)     |
|      | <b>Operating Cash Profit before Working Capital Changes</b>              |          | <b>247.89</b>   |            | <b>78.41</b>   |
|      | Adjustments for :  |          |                 |            |                |
|      | (Increase) / Decrease in trade receivable                                | (44.85)  |                 | (14.72)    |                |
|      | (Increase) / Decrease in Inventories                                     | (41.86)  |                 | (77.65)    |                |
|      | Decrease /(Increase) in non current financial assets others              | (0.10)   |                 | 9.21       |                |
|      | (Increase) / Decrease in other non current assets                        | (0.27)   |                 | 1.12       |                |
|      | (Increase) / Decrease in current loans                                   | (0.18)   |                 | (0.04)     |                |
|      | (Increase) / Decrease in other current financial assets                  | (7.51)   |                 | 9.27       |                |
|      | (Increase) / Decrease in other current assets                            | (22.20)  |                 | 25.34      |                |
|      | Increase / (Decrease) in trade payables                                  | 7.58     |                 | 69.48      |                |
|      | Increase / (Decrease) in other current financial liabilities             | (4.92)   |                 | (6.71)     |                |
|      | Increase / (Decrease) in other current liabilities                       | 10.23    |                 | 12.84      |                |
|      | Increase / (Decrease) in current provisions                              | (4.30)   |                 | 7.01       |                |
|      | Increase / (Decrease) in non current provisions                          | (0.12)   | (108.50)        | (9.13)     | 26.02          |
|      | Taxes (Paid) / Refund  |          | (47.37)         |            | (0.33)         |
|      | <b>Net Cash flow from Operating Activities</b>                           |          | <b>92.02</b>    |            | <b>104.10</b>  |
| ii)  | <b>CASH FLOW FROM INVESTING ACTIVITIES :</b>                             |          |                 |            |                |
|      | Purchase of Property, Plant and Equipment                                | (35.33)  |                 | (10.69)    |                |
|      | Sale of Property, Plant and Equipment                                    | 65.33    |                 | 0.13       |                |
|      | Decrease / (Increase) in other bank balances                             | 0.69     |                 | 5.72       |                |
|      | Interest Received  | 4.15     |                 | 4.41       |                |
|      | <b>Net Cash used in Investing Activities</b>                             |          | <b>34.84</b>    |            | <b>(0.43)</b>  |
| iii) | <b>CASH FLOW FROM FINANCING ACTIVITIES :</b>                             |          |                 |            |                |
|      | Proceeds from / (Repayment of) Borrowings                                | (128.87) |                 | (545.34)   |                |
|      | Payment of Lease Liabilities   | (2.33)   |                 | (2.72)     |                |
|      | Receipt from issue of Preferential Equity Shares                         | -        |                 | 476.63     |                |
|      | Finance Costs  | (20.79)  |                 | (12.60)    |                |
|      | <b>Net Cash from Financing Activities</b>                                |          | <b>(151.99)</b> |            | <b>(84.03)</b> |
|      | <b>Net Increase / (Decrease) in Cash and Cash Equivalents</b>            |          | <b>(25.13)</b>  |            | <b>19.64</b>   |
|      | Cash and Cash Equivalents at the beginning of the year*                  |          | 52.43           |            | 32.79          |
|      | Cash and Cash Equivalents at the end of the year *                       |          | 27.30           |            | 52.43          |
|      | <b>Net Increase / (Decrease) in Cash and Cash Equivalents</b>            |          | <b>(25.13)</b>  |            | <b>19.64</b>   |

Note: The consolidated cash flow statement is prepared using the “indirect method” set out in Ind AS 7 - “Statement of Cash Flows”.

**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)**

\*Cash and Cash Equivalents comprises the following

| Particulars   | Rs. In Crores           |                         |
|---|-------------------------|-------------------------|
|   | As at<br>March 31, 2023 | As at<br>March 31, 2022 |
| (a) Balance with Banks (in current accounts)          | 27.29                   | 11.40                   |
| (b) Cash on Hand                                      | 0.01                    | 0.02                    |
| (c) Deposits with Banks (maturity less than 3 Months) | -                       | 41.01                   |
| (d) Money in Transit                                  | -                       | -                       |
| <b>Cash and Cash Equivalents</b>                      | <b>27.30</b>            | <b>52.43</b>            |

As per our report of even date

**For P G BHAGWAT LLP**

Chartered Accountants

Firm Registration No. 101118W/W100682

**CA Nachiket Deo**

Partner

M. No.117695 M. No.117695

Pune, May 3, 2023

For and on behalf of the Board of Directors

**Nishikant Ektare**

Managing Director

DIN No.: 02109633

**Chetan Nathani**

Company Secretary

FCS No.: 9836

Pune, May 3, 2023

**Rahul Kirloskar**

Chairman

DIN No.: 00007319

**Suresh Patil**

Chief Financial Officer

M. No. 216509

**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2023**
**a) Equity Share Capital (Refer Note No. 1.11)**
**Rs. In Crores**

| Particulars  | As at March 31, 2023 |               | As at March 31, 2022 |               |
|--|----------------------|---------------|----------------------|---------------|
|  | No. of Shares        | Amount        | No. of Shares        | Amount        |
| Balance at the beginning of the reporting year                                       | 30,05,01,383         | 150.25        | 14,65,01,383         | 73.25         |
| Add/(Less) : Changes in equity share capital during the year<br>(Refer Note No 3.19) | -                    | -             | 15,40,00,000         | 77.00         |
| <b>Balance as the end of the reporting year</b>                                      | <b>30,05,01,383</b>  | <b>150.25</b> | <b>30,05,01,383</b>  | <b>150.25</b> |

**b) Other Equity (Refer Note No. 1.12)**
**Rs. In Crores**

| Particulars   | Reserve & Surplus |                            |                    |                     |                 |                   | Items of Other Comprehensive Income               |   | Total impact on Other equity |
|---|-------------------|----------------------------|--------------------|---------------------|-----------------|-------------------|---|---|------------------------------|
|   |                   |                            |                    |                     |                 |                   | Items that will be reclassified to Profit or Loss | Items that will not be reclassified to Profit or Loss |                              |
|   | Capital Reserve   | Capital Redemption Reserve | Securities Premium | Revaluation Reserve | General Reserve | Retained Earnings | Foreign Currency Translation Reserve              | Re-measurement of the net defined benefit plans       |                              |
| <b>As at April 1, 2021 (A)</b>                      | 6.94              | 80.60                      | -                  | 193.95              | 445.31          | (2,255.22)        | (0.14)  | (2.86)  | (1,531.42)                   |
| <b>Adjustments:</b>                                 |                   |                            |                    |                     |                 |                   |   |   |                              |
| Add: Transferred to General Reserves                | -                 | -                          | -                  | (3.83)              | 3.83            | -                 | -   | -   | -                            |
| Add: Remeasurement of the net defined benefit plans | -                 | -                          | -                  | -                   | -               | -                 | -   | (5.86)  | (5.86)                       |
| Add: Foreign Currency Translation Reserve           | -                 | -                          | -                  | -                   | -               | -                 | (0.35)  | -   | (0.35)                       |
| Add: Issue of Preferential Equity Shares            | -                 | -                          | 399.63             | -                   | -               | -                 | -   | -   | 399.63                       |
| Add: Profit / (Loss) for the year                   | -                 | -                          | -                  | -                   | -               | 2,374.21          | -   | -   | 2,374.21                     |
| <b>Total (B)</b>                                    | -                 | -                          | 399.63             | (3.83)              | 3.83            | 2,374.21          | (0.35)  | (5.86)  | 2,767.63                     |
| <b>As at March 31, 2022 (C) = (A) + (B)</b>         | 6.94              | 80.60                      | 399.63             | 190.12              | 449.14          | 118.99            | (0.49)  | (8.72)  | 1,236.21                     |
| <b>Adjustments:</b>                                 |                   |                            |                    |                     |                 |                   |   |   |                              |
| Add: Transferred to General Reserves                | -                 | -                          | -                  | (4.55)              | 4.55            | -                 | -   | -   | -                            |
| Add: Foreign Currency Translation Reserve           | -                 | -                          | -                  | -                   | -               | -                 | 1.19  | -   | 1.19                         |
| Add: Remeasurement of the net defined benefit plans | -                 | -                          | -                  | -                   | -               | -                 | -   | 2.48  | 2.48                         |
| Add: Issue of Preferential Equity Shares            | -                 | -                          | -                  | -                   | -               | -                 | -   | -   | -                            |
| Add: Profit / (Loss) for the year                   | -                 | -                          | -                  | -                   | -               | 87.73             | -   | -   | 87.73                        |
| <b>Total (D)</b>                                    | -                 | -                          | -                  | (4.55)              | 4.55            | 87.73             | 1.19  | 2.48  | 91.40                        |
| <b>As at March 31, 2023 (E) = (C) + (D)</b>         | 6.94              | 80.60                      | 399.63             | 185.51              | 453.69          | 206.72            | 0.70  | (6.24)  | 1,327.61                     |

As per our report of even date

**For P G BHAGWAT LLP**

Chartered Accountants

Firm Registration No. 101118W/W100682

**CA Nachiket Deo**

Partner

M. No.117695 M. No.117695

Pune, May 3, 2023

For and on behalf of the Board of Directors

**Nishikant Ektare**

Managing Director

DIN No.: 02109633

**Chetan Nathani**

Company Secretary

FCS No.: 9836

Pune, May 3, 2023

**Rahul Kirloskar**

Chairman

DIN No.: 00007319

**Suresh Patil**

Chief Financial Officer

M. No. 216509

## Notes to Consolidated Financial Statement for the year ended March 31, 2023

### A) PROPERTY, PLANT AND EQUIPMENT

Rs. In Crores

| Particulars                                   | Land Freehold | Land Leasehold # | Buildings     | Plant and machinery | Furniture and Fixtures | Office Equipment | Vehicles    | ROU – Building @ | ROU – Plant & Machinery @ | Total           |
|---|---------------|------------------|---------------|---------------------|------------------------|------------------|-------------|------------------|---------------------------|-----------------|
| <b>Cost or valuation</b>                      |               |                  |               |                     |                        |                  |             |                  |                           |                 |
| <b>As at April 1, 2021</b>                    | <b>29.77</b>  | <b>217.49</b>    | <b>166.95</b> | <b>2,048.56</b>     | <b>4.90</b>            | <b>13.69</b>     | <b>0.94</b> | <b>2.09</b>      | <b>7.88</b>               | <b>2,492.27</b> |
| Additions                                     | -             | -                | 0.30          | 17.66               | 0.01                   | 0.46             | 0.21        | 0.61             | 1.55                      | 20.80           |
| Foreign currency translation reserve          | -             | -                | (0.99)        | (7.40)              | -                      | -                | -           | -                | -                         | (8.39)          |
| Disposals                                     | -             | -                | -             | 4.44                | -                      | 0.01             | 0.05        | 2.17             | 1.24                      | 7.91            |
| <b>As at March 31, 2022</b>                   | <b>29.77</b>  | <b>217.49</b>    | <b>166.26</b> | <b>2,054.38</b>     | <b>4.91</b>            | <b>14.14</b>     | <b>1.10</b> | <b>0.53</b>      | <b>8.19</b>               | <b>2,496.77</b> |
| Additions                                     | -             | -                | 0.58          | 8.73                | 0.10                   | 2.04             | -           | 5.32             | -                         | 16.77           |
| Foreign currency translation reserve          | -             | -                | (0.66)        | (1.93)              | -                      | -                | -           | -                | -                         | (2.59)          |
| Disposals                                     | 11.39         | -                | 6.99          | 286.03              | 0.19                   | 0.14             | -           | -                | -                         | 304.74          |
| <b>As at March 31, 2023</b>                   | <b>18.38</b>  | <b>217.49</b>    | <b>159.19</b> | <b>1,775.15</b>     | <b>4.82</b>            | <b>16.04</b>     | <b>1.10</b> | <b>5.85</b>      | <b>8.19</b>               | <b>2,206.21</b> |
| <b>Depreciation</b>                           |               |                  |               |                     |                        |                  |             |                  |                           |                 |
| <b>As at April 1, 2021</b>                    | <b>-</b>      | <b>21.07</b>     | <b>85.62</b>  | <b>1,036.79</b>     | <b>4.67</b>            | <b>12.82</b>     | <b>0.75</b> | <b>0.88</b>      | <b>2.93</b>               | <b>1,165.53</b> |
| Charge for the year                           | -             | 3.23             | 5.02          | 51.25               | 0.02                   | 0.34             | 0.08        | 1.34             | 1.15                      | 62.43           |
| Foreign currency translation reserve          | -             | -                | (0.52)        | (6.85)              | -                      | -                | -           | -                | -                         | (7.37)          |
| Disposals                                     | -             | -                | -             | 4.44                | -                      | 0.01             | 0.05        | 2.03             | 1.24                      | 7.77            |
| <b>As at March 31, 2022</b>                   | <b>-</b>      | <b>24.30</b>     | <b>90.12</b>  | <b>1,076.75</b>     | <b>4.69</b>            | <b>13.15</b>     | <b>0.78</b> | <b>0.19</b>      | <b>2.84</b>               | <b>1,212.82</b> |
| Charge for the year                           | -             | 3.23             | 5.39          | 47.00               | 0.04                   | 0.47             | 0.08        | 1.21             | 1.16                      | 58.58           |
| Foreign currency translation reserve          | -             | -                | (0.39)        | (1.60)              | -                      | -                | -           | -                | -                         | (1.99)          |
| Disposals                                     | -             | -                | 5.01          | 76.61               | 0.18                   | 0.13             | -           | -                | -                         | 81.93           |
| <b>As at March 31, 2023</b>                   | <b>-</b>      | <b>27.53</b>     | <b>90.11</b>  | <b>1,045.54</b>     | <b>4.55</b>            | <b>13.49</b>     | <b>0.86</b> | <b>1.40</b>      | <b>4.00</b>               | <b>1,187.48</b> |
| <b>Impairment</b>                             |               |                  |               |                     |                        |                  |             |                  |                           |                 |
| <b>As at April 1, 2021</b>                    | <b>-</b>      | <b>-</b>         | <b>-</b>      | <b>-</b>            | <b>-</b>               | <b>-</b>         | <b>-</b>    | <b>-</b>         | <b>-</b>                  | <b>-</b>        |
| Charge for the year (Refer Note No 3.18 (ii)) | 3.55          | -                | -             | 160.37              | -                      | -                | -           | -                | -                         | 163.92          |
| Foreign currency translation reserve          | -             | -                | -             | -                   | -                      | -                | -           | -                | -                         | -               |
| Disposals                                     | -             | -                | -             | -                   | -                      | -                | -           | -                | -                         | -               |
| <b>As at March 31, 2022</b>                   | <b>3.55</b>   | <b>-</b>         | <b>-</b>      | <b>160.37</b>       | <b>-</b>               | <b>-</b>         | <b>-</b>    | <b>-</b>         | <b>-</b>                  | <b>163.92</b>   |
| Charge for the year (Refer Note No 3.18 (ii)) | -             | -                | -             | -                   | -                      | -                | -           | -                | -                         | -               |
| Foreign currency translation reserve          | -             | -                | -             | -                   | -                      | -                | -           | -                | -                         | -               |
| Disposals                                     | 3.55          | -                | -             | 160.37              | -                      | -                | -           | -                | -                         | 163.92          |
| <b>As at March 31, 2023</b>                   | <b>-</b>      | <b>-</b>         | <b>-</b>      | <b>-</b>            | <b>-</b>               | <b>-</b>         | <b>-</b>    | <b>-</b>         | <b>-</b>                  | <b>-</b>        |
| <b>Net Block</b>                              |               |                  |               |                     |                        |                  |             |                  |                           |                 |
| <b>As at March 31, 2022</b>                   | <b>26.22</b>  | <b>193.19</b>    | <b>76.14</b>  | <b>817.26</b>       | <b>0.22</b>            | <b>0.99</b>      | <b>0.32</b> | <b>0.34</b>      | <b>5.35</b>               | <b>1,120.03</b> |
| <b>As at March 31, 2023</b>                   | <b>18.38</b>  | <b>189.96</b>    | <b>69.08</b>  | <b>729.61</b>       | <b>0.27</b>            | <b>2.55</b>      | <b>0.24</b> | <b>4.45</b>      | <b>4.19</b>               | <b>1,018.73</b> |

# The Parent Company had revalued its Leasehold Land located at Ahmednagar and Baramati in the year 2014-15. Additions so made, due to revaluation, in the leasehold lands amounting to Rs. 210.46 Crores has been credited to Revaluation Reserve in the year 2014-15. Depreciation provided on the revalued amount of Rs. 3.14 Crores (Previous Year Rs. 3.14 Crores) has been transferred from Revaluation Reserve to General Reserve.

@ Refer Note No3.7 regarding leased assets

Refer No. 1.16 for Property, Plant and Equipment pledged as security with lenders of the Group.

Title deeds of immovable properties and lease agreements for the leased premises are held in the name of the Group.

No proceedings have been initiated or pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.



**Notes to Consolidated Financial Statement for the year ended March 31, 2023 (Contd.)**
**B) CAPITAL WORK IN PROGRESS**
**Rs. In Crores**

| Particulars              | As at April 1, 2021 | Additions | Transfer | Impairment/Adjustment | As at March 31, 2022 | Additions | Transfer | Impairment / Adjustment | As at March 31, 2023 |
|--------------------------|---------------------|-----------|----------|-----------------------|----------------------|-----------|----------|-------------------------|----------------------|
| Capital Work in Progress | 42.12               | 9.99      | 18.65    | 29.89                 | 3.57                 | 26.96     | 11.45    | -                       | 19.08                |

**Capital work in progress ageing as at 31 March 2023**
**Rs. In Crores**

| Capital Work in Progress       | Amount in CWIP for a period of |           |           |                   | Total        |
|--------------------------------|--------------------------------|-----------|-----------|-------------------|--------------|
|                                | Less than 1 year               | 1-2 years | 2-3 years | more than 3 years |              |
| Project in Progress            | 19.95                          | 1.86      | 0.84      | 84.69             | 107.34       |
| Less: Provision for Impairment | -                              | -         | -         | -                 | 88.26        |
| <b>Total</b>                   |                                |           |           |                   | <b>19.08</b> |

**Capital work in progress ageing as at 31 March 2022**
**Rs. In Crores**

| Capital Work in Progress       | Amount in CWIP for a period of |           |           |                   | Total       |
|--------------------------------|--------------------------------|-----------|-----------|-------------------|-------------|
|                                | Less than 1 year               | 1-2 years | 2-3 years | more than 3 years |             |
| Project in Progress            | 3.40                           | -         | 0.17      | 88.26             | 91.83       |
| Less: Provision for Impairment |                                |           |           |                   | 88.26       |
| <b>Total</b>                   |                                |           |           |                   | <b>3.57</b> |

The Group except TPPCL Group, does not have any project, which is overdue or has exceeded its cost compared to its original plan.

Refer Note No 3.17 for TPPCL Group Project

**C) Goodwill on Consolidation:**
**Rs. In Crores**

| Particulars                             | Total |
|---|-------|
| <b>Gross Value</b>                      |       |
| As at April 1, 2021                     | 37.67 |
| Additions                               | -     |
| Disposals                               | -     |
| As at March 31, 2022                    | 37.67 |
| Additions                               | -     |
| Disposals                               | -     |
| As at March 31, 2023                    | 37.67 |
| <b>Impairment</b>                       |       |
| As at April 1, 2021                     | -     |
| Charge for the year                     | 31.24 |
| Disposals                               | -     |
| As at March 31, 2022                    | 31.24 |
| Charge for the year                     | 6.43  |
| Disposals                               | -     |
| As at March 31, 2023                    | 37.67 |
| Net carrying value as at March 31, 2022 | 6.43  |
| Net carrying value as at March 31, 2023 | -     |

## Notes to Consolidated Financial Statement for the year ended March 31, 2023 (Contd.)

### NOTE NO. 1.2 NON CURRENT FINANCIAL ASSETS - OTHERS

| Particulars  | Rs. In Crores           |                         |
|--|-------------------------|-------------------------|
|  | As at<br>March 31, 2023 | As at<br>March 31, 2022 |
| i) Deposits with Banks (maturity more than 12 months)<br>(Margin Money Deposits against Guarantees / Letter of Credit) | -                       | 0.66                    |
| ii) Security Deposits<br>- Considered good Unsecured (Including paid under protest)                                    | 19.30                   | 18.08                   |
| <b>Total</b>   | <b>19.30</b>            | <b>18.74</b>            |

Refer Note No 3.21 for Risk management objectives & policies for financial instrument.

Refer Note No 3.23 other financial assets are measured at amortised costs.

### NOTE NO. 1.3 NON CURRENT ASSETS - OTHERS

| Particulars                                       | Rs. In Crores           |                         |
|---|-------------------------|-------------------------|
|   | As at<br>March 31, 2023 | As at<br>March 31, 2022 |
| i) Capital Advances                               | 12.99                   | 1.53                    |
| ii) Statutory Refunds from Government Authorities | 0.98                    | 1.34                    |
| <b>Total</b>                                      | <b>13.97</b>            | <b>2.87</b>             |

### NOTE NO. 1.4 CURRENT ASSETS - INVENTORIES

| Particulars   | Rs. In Crores           |                         |
|---|-------------------------|-------------------------|
|   | As at<br>March 31, 2023 | As at<br>March 31, 2022 |
| i) Raw Materials<br>(Includes Goods- in-Transit of Rs. 10.78 Crores, Previous Year Rs. 15.34 Crores)      | 151.70                  | 125.65                  |
| ii) Work-in-progress  | 128.05                  | 111.01                  |
| iii) Finished goods #<br>(Includes Goods- in-Transit of Rs. 32.70 Crores, Previous Year Rs. 16.69 Crores) | 93.39                   | 102.97                  |
| iv) Stores, Spares and Consumables #  | 103.78                  | 95.42                   |
| <b>Total</b>  | <b>476.92</b>           | <b>435.05</b>           |

# net off write -down to net realisable value during the year Rs. Nil Crore (Previous Year Rs. 10.16 Crores.)

Inventories are hypothecated against current borrowings refer note no. 1.16.

### NOTE NO. 1.5 CURRENT FINANCIAL ASSETS - TRADE RECEIVABLES

| Particulars   | Rs. In Crores           |                         |
|---|-------------------------|-------------------------|
|   | As at<br>March 31, 2023 | As at<br>March 31, 2022 |
| <b>Unsecured</b>  |                         |                         |
| Considered Good   | 348.67                  | 302.75                  |
| Less: Loss Allowance (for expected credit loss under simplified approach) | 40.34                   | 16.66                   |
| <b>Total</b>  | <b>308.33</b>           | <b>286.09</b>           |

Movement in loss allowance of receivables is as below:

| Particulars                          | Rs. In Crores           |                         |
|--------------------------------------|-------------------------|-------------------------|
|                                      | As at<br>March 31, 2023 | As at<br>March 31, 2022 |
| Balance at the beginning of the year | 16.66                   | 34.96                   |
| Charge/(release) during the year     | 23.68                   | (18.30)                 |
| <b>Total</b>                         | <b>40.34</b>            | <b>16.66</b>            |

**Notes to Consolidated Financial Statement for the year ended March 31, 2023 (Contd.)****Trade Receivables ageing schedule**

Outstanding for following periods from due date of payment

**Rs. In Crores**

| Particulars  | As at<br>March 31, 2023 | As at<br>March 31, 2022 |
|--|-------------------------|-------------------------|
| (i) Undisputed Trade receivables – considered good |                         |                         |
| Not Due  | 257.48                  | 184.54                  |
| Less than 6 months                                 | 61.80                   | 92.10                   |
| 6 months - 1 years                                 | 3.57                    | 13.31                   |
| 1 -2 years   | 12.68                   | 0.02                    |
| 2 -3 years   | 0.13                    | 0.04                    |
| More than 3 years                                  | 13.01                   | 12.74                   |
|  | <u>348.67</u>           | <u>302.75</u>           |
| (ii) Disputed Trade receivables – considered good  | -                       | -                       |
| Less: Loss Allowance                               | 40.34                   | 16.66                   |
| <b>Total</b>                                       | <u><b>308.33</b></u>    | <u><b>286.09</b></u>    |

There are no trade receivables having significant increase in credit risk or which are credit impaired as at March 31, 2023 (Rs Nil as at March 31, 2022).

There are no dues from directors or other officers of the Company or any of them either severally or jointly with any other person or debts dues from firms or private companies respectively in which any director is a partner or a director or a member.

Trade receivables are measured at amortized costs.

Refer Note No 3.21 for Credit Risk of trade receivables.

**NOTE NO. 1.6 CURRENT FINANCIAL ASSETS - CASH AND CASH EQUIVALENTS****Rs. In Crores**

| Particulars  | As at<br>March 31, 2023 | As at<br>March 31, 2022 |
|--|-------------------------|-------------------------|
| <b>Cash and Cash Equivalents</b>                       |                         |                         |
| i) Balances with Banks                                 | 27.29                   | 11.40                   |
| ii) Cash on Hand                                       | 0.01                    | 0.02                    |
| iii) Deposits with Banks (maturity less than 3 months) | -                       | 41.01                   |
| <b>Total</b>   | <u><b>27.30</b></u>     | <u><b>52.43</b></u>     |

**NOTE NO. 1.7 CURRENT FINANCIAL ASSETS - BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS****Rs. In Crores**

| Particulars  | As at<br>March 31, 2023 | As at<br>March 31, 2022 |
|--|-------------------------|-------------------------|
| Deposits with Banks (maturity more than 3 months but less than 12 months.) | 1.48                    | 2.18                    |
| <b>Total</b>   | <u><b>1.48</b></u>      | <u><b>2.18</b></u>      |
| <b>Deposits with Banks includes:</b>                                       |                         |                         |
| Margin Money Deposits against Guarantees / Letter of Credit                | 1.48                    | 2.18                    |

**NOTE NO. 1.8 CURRENT FINANCIAL ASSETS - LOANS****Rs. In Crores**

| Particulars                       | As at<br>March 31, 2023 | As at<br>March 31, 2022 |
|-----------------------------------|-------------------------|-------------------------|
| <b>Unsecured, Considered Good</b> |                         |                         |
| Loans to Employees                | 1.18                    | 1.00                    |
| <b>Total</b>                      | <u><b>1.18</b></u>      | <u><b>1.00</b></u>      |

**Notes to Consolidated Financial Statement for the year ended March 31, 2023 (Contd.)****NOTE NO. 1.9 CURRENT FINANCIAL ASSETS - OTHERS (UNSECURED, CONSIDERED GOOD)****Rs. In Crores**

| Particulars                                       | As at<br>March 31, 2023 | As at<br>March 31, 2022 |
|---|-------------------------|-------------------------|
| i) Security Deposits                              | 1.85                    | 0.79                    |
| ii) Refund Receivable from Government Authorities | 1.30                    | 1.30                    |
| iii) Interest Receivables                         | 0.40                    | 0.71                    |
| iv) Other Receivables                             | 5.01                    | 4.42                    |
| <b>Total</b>                                      | <b>8.56</b>             | <b>7.22</b>             |

**NOTE NO. 1.10 OTHER CURRENT ASSETS****Rs. In Crores**

| Particulars   | As at<br>March 31, 2023 | As at<br>March 31, 2022 |
|---|-------------------------|-------------------------|
| i) Balance with Custom and GST                      | 1.58                    | 4.27                    |
| ii) Export Incentives Receivables                   | 0.54                    | 0.29                    |
| iii) Prepaid Expenses                               | 5.29                    | 5.75                    |
| iv) Employee Benefits (Defined Benefit Plan Assets) | 1.95                    | -                       |
| v) Advance to Suppliers                             | 34.86                   | 4.15                    |
| vi) Others  | 2.67                    | 4.59                    |
| <b>Total</b>  | <b>46.89</b>            | <b>19.05</b>            |

**NOTE NO. 1.11 EQUITY SHARE CAPITAL****Rs. In Crores**

| Particulars  | As at<br>March 31, 2023 | As at<br>March 31, 2022 |
|--|-------------------------|-------------------------|
| <b>Authorised</b>  |                         |                         |
| 31,70,00,000 (Previous Year 31,70,00,000) Equity Shares of Rs.5/- each.            | 158.50                  | 158.50                  |
|  | <b>158.50</b>           | <b>158.50</b>           |
| <b>Issued, Subscribed and fully Paid up:</b>                                       |                         |                         |
| 30,05,01,383 (Previous Year 30,05,01,383) Equity Shares of Rs 5/- each fully paid. | 150.25                  | 150.25                  |

The Parent Company has only one class of issued shares having par value of Rs. 5 /- each holder of equity shares is entitled to one vote per share.

The reconciliation of number of shares outstanding and the amount of share capital is set-out below.

| Particulars   | As at March 31, 2023    |               | As at March 31, 2022    |               |
|---|-------------------------|---------------|-------------------------|---------------|
|   | Equity Shares<br>Number | Rs. In Crores | Equity Shares<br>Number | Rs. In Crores |
| Shares outstanding at the beginning of the year     | 30,05,01,383            | 150.25        | 14,65,01,383            | 73.25         |
| Shares issued during the year (Refer Note No. 3.19) | -                       | -             | 15,40,00,000            | 77.00         |
| Shares bought back during the year                  | -                       | -             | -                       | -             |
| Shares outstanding at the end of the year           | 30,05,01,383            | 150.25        | 30,05,01,383            | 150.25        |

The details of Shares held by its Holding Company

**Notes to Consolidated Financial Statement for the year ended March 31, 2023 (Contd.)**

| Name of Shareholders                                      | As at March 31, 2023 |              | As at March 31, 2022 |              |
|---|----------------------|--------------|----------------------|--------------|
|   | No. of Shares held   | % of Holding | No. of Shares held   | % of Holding |
| Kirloskar Ferrous Industries Limited (KFIL)               | 15,40,05,747         | 51.25%       | 15,40,00,000         | 51.25%       |
| Kirloskar Industries Limited {KIL (Ultimate Holding Co.)} | 1,50,00,000          | 4.99%        | -                    | -            |

The details of shareholders holding more than 5% shares.

| Name of Shareholders   | As at March 31, 2023 |              | As at March 31, 2022 |              |
|--|----------------------|--------------|----------------------|--------------|
|  | No. of Shares held   | % of Holding | No. of Shares held   | % of Holding |
| Kirloskar Ferrous Industries Limited (KFIL)                          | 15,40,05,747         | 51.25%       | 15,40,00,000         | 51.25%       |
| Asscher Enterprises Ltd. (formerly Indian Seamless Enterprises Ltd.) | 5,40,20,151          | 17.98%       | 6,90,20,151          | 22.97%       |

During the period of five years immediately preceding the balance sheet date, there are no shares issued without payment being received in cash, issued as bonus shares and shares bought back by the Parent Company.

**Shareholding Pattern of Promoters :**

| Promoter Name  | As at March 31, 2023 |              |                           | As at March 31, 2022 |              |                           |
|--|----------------------|--------------|---------------------------|----------------------|--------------|---------------------------|
|  | No of Shares         | % of Holding | % changes during the year | No of Shares         | % of Holding | % changes during the year |
| <b>Promoter</b>  |                      |              |                           |                      |              |                           |
| Kirloskar Ferrous Industries Limited                                 | 15,40,05,747         | 51.25%       | 0.00%                     | 15,40,00,000         | 51.25%       | 51.25%                    |
| Asscher Enterprises Ltd. (formerly Indian Seamless Enterprises Ltd.) | 5,40,20,151          | 17.98%       | -4.99%                    | 6,90,20,151          | 22.97%       | -51.25%                   |
| Baldevraj Topanram Taneja  | 1,45,534             | 0.05%        | 0.00%                     | 1,45,534             | 0.05%        | -51.25%                   |
| Savitri Devi Sureka  | 99,834               | 0.03%        | 0.00%                     | 99,834               | 0.03%        | -51.25%                   |
| <b>Promoter Group</b>  |                      |              |                           |                      |              |                           |
| Kirloskar Industries Limited   | 1,50,00,000          | 4.99%        | 4.99%                     | -                    | -            | -                         |
| Misrilall Mines Private Limited                                      | 6,01,197             | 0.20%        | 0.00%                     | 6,01,197             | 0.20%        | -51.25%                   |
| Satya Leasing Company Limited  | 4,24,899             | 0.14%        | 0.00%                     | 4,24,899             | 0.14%        | -31.87%                   |
| B R Taneja (HUF)   | 3,14,800             | 0.10%        | 0.00%                     | 3,14,800             | 0.10%        | -51.25%                   |
| Ramesh Sureka  | 1,32,155             | 0.04%        | 0.00%                     | 1,32,155             | 0.04%        | -51.25%                   |
| Shentracon Finalease Private Limited                                 | 1,14,802             | 0.04%        | 0.00%                     | 1,14,802             | 0.04%        | -51.25%                   |
| Priti A Sureka   | 1,05,967             | 0.04%        | 0.00%                     | 1,05,967             | 0.04%        | -51.25%                   |
| Jagdish Prasad Sureka (HUF)  | 79,932               | 0.03%        | 0.00%                     | 79,932               | 0.03%        | -51.25%                   |
| Alka Mehta   | 73,473               | 0.02%        | 0.00%                     | 73,473               | 0.02%        | -51.25%                   |
| Shentracon Holdings Private Limited                                  | 58,543               | 0.02%        | 0.00%                     | 58,543               | 0.02%        | -51.25%                   |
| Misrilall Properties Pvt Ltd   | 23,527               | 0.01%        | 0.00%                     | 23,527               | 0.01%        | -51.25%                   |
| Avishi Sureka  | 10,000               | 0.00%        | 0.00%                     | 10,000               | 0.00%        | -51.25%                   |
| Rohin Raj Sureka   | 10,000               | 0.00%        | 0.00%                     | 10,000               | 0.00%        | -51.25%                   |
| Laurus Tradecon Pvt Ltd  | 300                  | 0.00%        | 0.00%                     | 300                  | 0.00%        | -51.25%                   |

Note : Aforesaid change in % share holdings in previous year is due to preferential allotment of equity shares to Kirloskar Ferrous Industries Limited equivalent to 51.25 % of post issue paid up share capital on March 10,2022.

## Notes to Consolidated Financial Statement for the year ended March 31, 2023 (Contd.)

### NOTE NO. 1.12 OTHER EQUITY

Rs. In Crores

| Particulars  | Reserve and Surplus |                            |                       |                    |                 |                   | Items of Other Comprehensive Income               |   | Total impact on Other equity |
|--|---------------------|----------------------------|-----------------------|--------------------|-----------------|-------------------|---|---|------------------------------|
|  |                     |                            |                       |                    |                 |                   | Items that will be reclassified to Profit or Loss | Items that will not be reclassified to Profit or Loss |                              |
|  | Capital Reserve     | Capital Redemption Reserve | Revaluation Reserve * | Securities Premium | General Reserve | Retained Earnings | Foreign Currency Translation Reserve              | Re-measurement of the net defined benefit plans       |                              |
| <b>As at April 1, 2021 (A)</b>                         | <b>6.94</b>         | <b>80.60</b>               | <b>193.95</b>         | <b>-</b>           | <b>445.31</b>   | <b>(2,255.22)</b> | <b>(0.14)</b>                                     | <b>(2.86)</b>   | <b>(1,531.42)</b>            |
| Adjustments:   |                     |                            |                       |                    |                 |                   |   |   |                              |
| Add : Adjustment pursuant to Acquisition of new Shares | -                   | -                          | -                     | -                  | -               | -                 | -   | -   | -                            |
| Add : Transferred to General Reserves                  | -                   | -                          | (3.83)                | -                  | 3.83            | -                 | -   | -   | -                            |
| Add: Remeasurement of the net defined benefit plans    | -                   | -                          | -                     | -                  | -               | -                 | -   | (5.86)  | (5.86)                       |
| Add: Foreign Currency Translation Reserve              | -                   | -                          | -                     | -                  | -               | -                 | (0.35)  | -   | (0.35)                       |
| Add: Issue of Preferential Equity Shares               | -                   | -                          | -                     | 399.63             | -               | -                 | -   | -   | 399.63                       |
| Add: Profit / (Loss) for the year                      | -                   | -                          | -                     | -                  | -               | 2,374.21          | -   | -   | 2,374.21                     |
| <b>Total (B)</b>                                       | <b>-</b>            | <b>-</b>                   | <b>(3.83)</b>         | <b>399.63</b>      | <b>3.83</b>     | <b>2,374.21</b>   | <b>(0.35)</b>                                     | <b>(5.86)</b>   | <b>2,767.63</b>              |
| <b>As at March 31, 2022 (C) = (A) + (B)</b>            | <b>6.94</b>         | <b>80.60</b>               | <b>190.12</b>         | <b>399.63</b>      | <b>449.14</b>   | <b>118.99</b>     | <b>(0.49)</b>                                     | <b>(8.72)</b>   | <b>1,236.21</b>              |
| Adjustments:   |                     |                            |                       |                    |                 |                   |   |   |                              |
| Add : Transferred to General Reserves                  | -                   | -                          | (4.55)                | -                  | 4.55            | -                 | -   | -   | -                            |
| Add: Foreign Currency Translation Reserve              | -                   | -                          | -                     | -                  | -               | -                 | 1.19  | -   | 1.19                         |
| Add: Remeasurement of the net defined benefit plans    | -                   | -                          | -                     | -                  | -               | -                 | -   | 2.48  | 2.48                         |
| Add: Issue of Preferential Equity Shares               | -                   | -                          | -                     | -                  | -               | -                 | -   | -   | -                            |
| Add: Profit / (Loss) for the year                      | -                   | -                          | -                     | -                  | -               | 87.73             | -   | -   | 87.73                        |
| <b>Total (D)</b>                                       | <b>-</b>            | <b>-</b>                   | <b>(4.55)</b>         | <b>-</b>           | <b>4.55</b>     | <b>87.73</b>      | <b>1.19</b>                                       | <b>2.48</b>   | <b>91.40</b>                 |
| <b>As at March 31, 2023 (E) = (C) + (D)</b>            | <b>6.94</b>         | <b>80.60</b>               | <b>185.57</b>         | <b>399.63</b>      | <b>453.69</b>   | <b>206.72</b>     | <b>0.70</b>                                       | <b>(6.24)</b>   | <b>1,327.61</b>              |

#### NATURE AND PURPOSE OF RESERVES

##### A Capital Reserve

Represents application money on Equity Share Warrants not exercised.

##### B Capital Redemption Reserve

Represents Reserve created at the time of redemption of Preference Shares.

##### C Revaluation Reserve

Represents revaluation of Leasehold Land located at Ahmednagar and Baramati of Parent Company and Building and Plant & Machinery of its subsidiary "Structo Hydraulics AB".

The Company has continued disclosure of revaluation reserve separately considering provision of Companies Act 2013.

##### D Securities Premium

Represents premium on preferential allotment of Equity Shares

##### E General Reserve

Represents profit transferred from Consolidated Statement of Profit and Loss Account and are available for distribution to Parent Company Shareholders.

##### F Retained Earnings

Represents Net Profit incurred by the Group as on March 31, 2023.

\* The Company has continued disclosure of revaluation reserve separately considering provision of Companies Act, 2013

**Notes to Consolidated Financial Statement for the year ended March 31, 2023 (Contd.)****NOTE NO. 1.13 NON CURRENT FINANCIAL LIABILITIES - OTHERS****Rs. In Crores**

| Particulars                               | As at<br>March 31, 2023 | As at<br>March 31, 2022 |
|---|-------------------------|-------------------------|
| Lease Liabilities<br>(Refer Note No. 3.7) | 5.69                    | 2.91                    |
| <b>Total</b>                              | <b>5.69</b>             | <b>2.91</b>             |

**NOTE NO. 1.14 NON CURRENT LIABILITIES - PROVISIONS****Rs. In Crores**

| Particulars   | As at<br>March 31, 2023 | As at<br>March 31, 2022 |
|---|-------------------------|-------------------------|
| Provision for Employee Benefits<br>Leave Encashment | 7.45                    | 7.57                    |
| <b>Total</b>  | <b>7.45</b>             | <b>7.57</b>             |

**NOTE NO. 1.15 DEFERRED TAX LIABILITIES (NET)****Rs. In Crores**

| Particulars  | As at<br>March 31, 2023 | As at<br>March 31, 2022 |
|--|-------------------------|-------------------------|
| <b>i) Deferred Tax Liabilities</b>   |                         |                         |
| Depreciation   | 100.26                  | 127.62                  |
|  | <b>100.26</b>           | <b>127.62</b>           |
| <b>ii) Deferred Tax Assets</b>   |                         |                         |
| a) Provision for Impairment in Value of Investment in Subsidiary Companies   | 36.38                   | 34.68                   |
| b) Provision for Impairment in Value of PPE  | -                       | 41.00                   |
| c) Deduction eligible in future period in respect of expenses already debited to the statement of Profit and Loss and OCI. | 15.75                   | 8.42                    |
|  | <b>52.13</b>            | <b>84.10</b>            |
| <b>Deferred Tax Liabilities (Net)</b>  | <b>48.13</b>            | <b>43.52</b>            |

**NOTE NO. 1.16 CURRENT FINANCIAL LIABILITIES - BORROWINGS****Rs. In Crores**

| Particulars                       | As at<br>March 31, 2023 | As at<br>March 31, 2022 |
|-----------------------------------|-------------------------|-------------------------|
| <b>Secured</b>                    |                         |                         |
| <b>Loans Repayable on Demand</b>  |                         |                         |
| Working Capital Borrowings- Banks |                         |                         |
| i) Foreign Currency Loans         | 2.22                    | 4.01                    |
| ii) Loans from Banks              | 68.90                   | -                       |
| Interest accrued and not due      | 0.02                    | -                       |
| <b>Unsecured</b>                  |                         |                         |
| i) Holding Company                | -                       | 194.00                  |
| ii) Associate Company *           | 5.75                    | 7.75                    |
| <b>Total</b>                      | <b>76.89</b>            | <b>205.76</b>           |

**Security****Parent Company**

- i) Working Capital Borrowings from Banks is secured by hypothecation in respect of current assets of the company present and future. The Parent Company's fund and non-fund based limit is Rs. 530 Crores out of which utilised limit is Rs. 123.17 Crores.



## Notes to Consolidated Financial Statement for the year ended March 31, 2023 (Contd.)

- ii) Unsecured Loan of Rs. 194.00 Crores received in previous year from Holding Company (KFIL) is for utilisation towards Settlement of the debt in terms of OTS Agreement. The amount is repaid along with interest accrued up to the date of repayment at 9 % p.a.

Borrowings from Banks have been utilised for the purpose for which it were taken.

The Company has not defaulted in repayment of borrowings and interest thereon during the year.

The Company has not been declared as willful defaulter by any bank.

\* Asscher Enterprises Ltd. (Formerly Indian Seamless Enterprises Ltd.) (Upto November 24, 2022)

### Reconciliation of Quarterly returns filled with Banks

| Name of Bank        | Aggregate working capital limits sanctioned (Rs. In Crores) | Nature of Current Asset offered as Security | Quarter ended | Amount disclosed as per quarterly return/statement (Rs. In Crores) | Amount as per books of account (Rs. In crores) | Difference (Rs. In Crores) | Reasons for difference  |
|---------------------|---|---|---------------|--|--|----------------------------|---|
| Axis Bank           | 175   | Refer note below                            | 30-Sep-22     | 562.91   | 563.29   | -0.38                      | Inventory of CPP of Rs. 0.38 crores is not considered while making submission of return to bank |
| ICICI Bank          | 210   | Refer note below                            | 30-Sep-22     | 562.91   | 563.29   | -0.38                      | Inventory of CPP of Rs. 0.38 crores is not considered while making submission of return to bank |
| Axis Bank           | 175   | Refer note below                            | 31-Dec-22     | 463.36   | 463.75   | -0.38                      | Inventory of CPP of Rs. 0.38 crores is not considered while making submission of return to bank |
| ICICI Bank          | 210   | Refer note below                            | 31-Dec-22     | 463.36   | 463.75   | -0.38                      | Inventory of CPP of Rs. 0.38 crores is not considered while making submission of return to bank |
| Kotak Mahindra Bank | 145   | Refer note below                            | 31-Dec-22     | 481.28   | 481.66   | -0.38                      | Inventory of CPP of Rs. 0.38 crores is not considered while making submission of return to bank |
| Axis Bank           | 175   | Refer note below                            | 31-Mar-23     | The Company has not yet submitted quarterly return for quarter IV. |  |                            |   |
| ICICI Bank          | 210   | Refer note below                            | 31-Mar-23     |  |  |                            |   |
| Kotak Mahindra Bank | 145   | Refer note below                            | 31-Mar-23     |  |  |                            |   |

The current assets and receivables have been hereby hypothecated as and by way of first charge and shall rank pari-pasu with charge created.

### Subsidiary Companies

#### Structo Hydraulics AB

Working Capital Loan is secured against fixed and current assets of the Company excluding immovable property.

### NOTE NO. 1.17 CURRENT FINANCIAL LIABILITIES - LEASE LIABILITIES

| Rs. In Crores                             |                      |                      |
|---|----------------------|----------------------|
| Particulars                               | As at March 31, 2023 | As at March 31, 2022 |
| i) Lease Liabilities (Refer Note No. 3.7) | 1.67                 | 0.70                 |
| <b>Total</b>                              | <b>1.67</b>          | <b>0.70</b>          |

**Notes to Consolidated Financial Statement for the year ended March 31, 2023 (Contd.)**
**NOTE NO. 1.18 CURRENT FINANCIAL LIABILITIES - TRADE PAYABLES**
**Rs. In Crores**

| Particulars  | As at<br>March 31, 2023 | As at<br>March 31, 2022 |
|--|-------------------------|-------------------------|
| <b>Acceptances</b>   | <b>54.27</b>            | <b>-</b>                |
| <b>Other Trade Payables</b>                                  |                         |                         |
| i) Dues of Micro and Small Enterprises                       | 14.19                   | 18.49                   |
| ii) Dues of Creditors other than Micro and Small Enterprises | 138.66                  | 195.94                  |
| <b>Total</b>   | <b>207.12</b>           | <b>214.43</b>           |

**Trade Payable Ageing as at March 31, 2023**
**Rs. In Crores**

| Particulars                 | Outstanding for following periods Particulars from due date of payment |                     |             |             |                      |               |
|-----------------------------|--|---------------------|-------------|-------------|----------------------|---------------|
|                             | Not Due  | Less than 1<br>year | 1-2 years   | 2-3 years   | More than<br>3 years | Total         |
| (i) MSME                    | 7.99   | 6.20                | -           | -           | -                    | 14.19         |
| (ii) Others                 | 78.02  | 57.95               | 0.04        | 1.34        | 1.45                 | 138.80        |
| (iii) Disputed dues - MSME  | -  | -                   | -           | -           | -                    | -             |
| (iv) Disputed dues - Others | -  | -                   | -           | -           | 0.32                 | 0.32          |
|                             | <b>86.01</b>   | <b>64.15</b>        | <b>0.04</b> | <b>1.34</b> | <b>1.77</b>          | <b>153.31</b> |
| Unbilled Dues               |  |                     |             |             |                      | 53.81         |
| <b>Total</b>                | <b>86.01</b>   | <b>64.15</b>        | <b>0.04</b> | <b>1.34</b> | <b>1.77</b>          | <b>207.12</b> |

**Trade Payable Ageing as at March 31, 2022**
**Rs. In Crores**

| Particulars                 | Outstanding for following periods Particulars from due date of payment |                     |             |             |                      |               |
|-----------------------------|--|---------------------|-------------|-------------|----------------------|---------------|
|                             | Not Due  | Less than 1<br>year | 1-2 years   | 2-3 years   | More than<br>3 years | Total         |
| (i) MSME                    | 9.19   | 8.86                | 0.40        | 0.04        | -                    | 18.49         |
| (ii) Others                 | 55.00  | 100.06              | 1.24        | 0.75        | 2.01                 | 159.06        |
| (iii) Disputed dues - MSME  | -  | -                   | -           | -           | -                    | -             |
| (iv) Disputed dues - Others | -  | -                   | -           | -           | 0.32                 | 0.32          |
|                             | <b>64.19</b>   | <b>108.92</b>       | <b>1.64</b> | <b>0.79</b> | <b>2.33</b>          | <b>177.87</b> |
| Unbilled Dues               |  |                     |             |             |                      | 36.56         |
| <b>Total</b>                | <b>64.19</b>   | <b>108.92</b>       | <b>1.64</b> | <b>0.79</b> | <b>2.33</b>          | <b>214.43</b> |

**NOTE NO. 1.19 CURRENT FINANCIAL LIABILITIES - OTHERS**
**Rs. In Crores**

| Particulars                                   | As at<br>March 31, 2023 | As at<br>March 31, 2022 |
|---|-------------------------|-------------------------|
| <b>a) Secured</b>                             |                         |                         |
| i) Interest accrued but not due on borrowings | -                       | -                       |
| ii) Interest accrued and due on borrowings    | 1.25                    | 1.25                    |
|   | <b>1.25</b>             | <b>1.25</b>             |
| <b>b) Unsecured</b>                           |                         |                         |
| Interest accrued but not due on borrowings    | -                       | 0.94                    |
| b) Other Payables – Capital creditors         | 4.53                    | 1.45                    |
| c) Provision for Expenses                     | 6.14                    | 5.65                    |
| d) Employee Benefit Payables                  | 20.52                   | 14.15                   |
| e) Other Liabilities                          | 10.59                   | 8.81                    |
|   | <b>41.78</b>            | <b>31.00</b>            |
| <b>Total</b>                                  | <b>43.03</b>            | <b>32.25</b>            |

**Notes to Consolidated Financial Statement for the year ended March 31, 2023 (Contd.)****NOTE NO. 1.20 OTHER CURRENT LIABILITIES****Rs. In Crores**

| Particulars                | As at<br>March 31, 2023 | As at<br>March 31, 2022 |
|----------------------------|-------------------------|-------------------------|
| i) Advances From Customers | 36.86                   | 27.93                   |
| ii) Other Liabilities      | 12.06                   | 10.31                   |
| iii) Others                | 0.08                    | -                       |
| <b>Total</b>               | <b>49.00</b>            | <b>38.24</b>            |

**NOTE NO. 1.21 CURRENT LIABILITIES - PROVISIONS****Rs. In Crores**

| Particulars                            | As at<br>March 31, 2023 | As at<br>March 31, 2022 |
|--|-------------------------|-------------------------|
| <b>Provision for Employee Benefits</b> |                         |                         |
| i) Gratuity                            | -                       | 4.96                    |
| ii) Leave Encashment                   | 1.89                    | 2.82                    |
| iii) Superannuation                    | 0.28                    | 2.00                    |
| <b>Total</b>                           | <b>2.17</b>             | <b>9.78</b>             |

**NOTE NO. 1.22 CURRENT TAX LIABILITIES (NET)****Rs. In Crores**

| Particulars       | As at<br>March 31, 2023 | As at<br>March 31, 2022 |
|-------------------|-------------------------|-------------------------|
| Provision for Tax | 81.47                   | 15.54                   |
| Less: Taxes Paid  | 58.85                   | 2.61                    |
| <b>Total</b>      | <b>22.62</b>            | <b>12.93</b>            |

**NOTE NO. 1.23 REVENUE FROM OPERATIONS****SALE OF PRODUCTS****Rs. In Crores**

| Particulars                                   | 2022-23         | 2021-22         |
|---|-----------------|-----------------|
| i) Tube (Including Inter Division Transfers)  | 2,108.75        | 1,663.92        |
| ii) Steel (Including Inter Segment Transfers) | 1,786.58        | 1,624.33        |
| <b>Gross Sales</b>                            | <b>3,895.33</b> | <b>3,288.25</b> |

**NOTE NO. 1.24 OTHER OPERATING REVENUE (GROSS)****Rs. In Crores**

| Particulars                     | 2022-23 |              | 2021-22 |              |
|---------------------------------|---------|--------------|---------|--------------|
| <b>Other Operating Revenues</b> |         |              |         |              |
| i) Sale of Scrap (Gross)        | 114.66  |              | 78.09   |              |
| Less : Inter Segment Transfers  | 90.74   |              | 51.05   |              |
|                                 |         | 23.92        |         | 27.04        |
| ii) Export Incentives           |         | 4.10         |         | 2.44         |
| <b>Total</b>                    |         | <b>28.02</b> |         | <b>29.48</b> |

**Notes to Consolidated Financial Statement for the year ended March 31, 2023 (Contd.)****NOTE NO. 1.25 OTHER INCOME**

| <b>Rs. In Crores</b>  |                |                |
|---|----------------|----------------|
| <b>Particulars</b>  | <b>2022-23</b> | <b>2021-22</b> |
| i) Interest Income<br>(Refer Note. No. 3.20)                            | <b>3.30</b>    | 2.70           |
| ii) Interest Income on financial instruments measured at amortised cost | <b>0.54</b>    | 1.66           |
| iii) Government Grant-Sales Tax Deferral                                | -              | 0.01           |
| iv) Foreign Exchange Gain (Net)   | <b>2.92</b>    | -              |
| v) Profit on Sale of Assets   | <b>6.45</b>    | -              |
| vi) Miscellaneous Income<br>(Refer Note. No. 3.13)                      | <b>4.76</b>    | 17.06          |
| <b>Total</b>  | <b>17.97</b>   | 21.43          |

**NOTE NO. 1.26 COST OF MATERIAL CONSUMED**

| <b>Rs. In Crores</b>                 |                 |                |
|--------------------------------------|-----------------|----------------|
| <b>Particulars</b>                   | <b>2022-23</b>  | <b>2021-22</b> |
| Opening Stock                        | <b>125.65</b>   | 91.90          |
| Add : Purchases made during the year | <b>1,416.59</b> | 1,313.58       |
|                                      | <b>1,542.24</b> | 1,405.48       |
| Less : Closing Stock                 | <b>151.70</b>   | 125.65         |
| <b>Total</b>                         | <b>1,390.54</b> | 1,279.83       |

**MATERIAL CONSUMED**

| <b>Rs. In Crores</b>                |                 |                |
|-------------------------------------|-----------------|----------------|
| <b>Particulars</b>                  | <b>2022-23</b>  | <b>2021-22</b> |
| <b>Tube Segment</b>                 |                 |                |
| Steel Bars                          | <b>1,420.52</b> | 1,164.12       |
| Less : Inter Segment Transfer       | <b>1,230.51</b> | 997.77         |
| Net Consumption                     | <b>190.01</b>   | 166.35         |
| <b>Steel Segment</b>                |                 |                |
| i) Pig & Sponge Iron, DRI and Scrap | <b>1,114.29</b> | 1,029.44       |
| ii) Ferro Alloys                    | <b>176.98</b>   | 135.09         |
|                                     | <b>1,291.27</b> | 1,164.53       |
| Less : Inter Segment Transfer       | <b>90.74</b>    | 51.05          |
| Net Consumption                     | <b>1,200.53</b> | 1,113.48       |
| <b>Total Material Consumed</b>      | <b>1,390.54</b> | 1,279.83       |

**NOTE NO. 1.27 CHANGE IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS**

| <b>Rs. In Crores</b> |                |                |
|----------------------|----------------|----------------|
| <b>Particulars</b>   | <b>2022-23</b> | <b>2021-22</b> |
| <b>Closing Stock</b> |                |                |
| i) Finished goods    | <b>93.39</b>   | 102.97         |
| ii) Work-in-Progress | <b>128.05</b>  | 111.01         |
|                      | <b>221.44</b>  | 213.98         |

**Notes to Consolidated Financial Statement for the year ended March 31, 2023 (Contd.)**

| <b>Rs. In Crores</b>                       |                |                |
|--|----------------|----------------|
| <b>Particulars</b>                         | <b>2022-23</b> | <b>2021-22</b> |
| <b>Opening Stock</b>                       |                |                |
| i) Finished goods                          | <b>102.97</b>  | 85.29          |
| ii) Work-in-Progress                       | <b>111.01</b>  | 83.33          |
|  | <b>213.98</b>  | 168.62         |
| <b>(Increase)/ Decrease in Inventories</b> |                |                |
| i) Finished Goods                          | <b>9.58</b>    | (17.68)        |
| ii) Work-in-Progress                       | <b>(17.04)</b> | (27.68)        |
| <b>Total</b>                               | <b>(7.46)</b>  | (45.36)        |

**PRODUCTWISE DETAILS OF CLOSING FINISHED GOODS AND WORK-IN-PROGRESS**

| <b>Rs. In Crores</b>        |                |                |
|-----------------------------|----------------|----------------|
| <b>Particulars</b>          | <b>2022-23</b> | <b>2021-22</b> |
| <b>a) Finished Goods</b>    |                |                |
| i) Tube                     | <b>79.04</b>   | 70.54          |
| ii) Steel                   | <b>14.35</b>   | 32.43          |
|                             | <b>93.39</b>   | 102.97         |
| <b>b) Work -in Progress</b> |                |                |
| i) Tube                     | <b>93.48</b>   | 103.22         |
| ii) Steel                   | <b>34.57</b>   | 7.79           |
| <b>Total</b>                | <b>128.05</b>  | 111.01         |

**NOTE NO. 1.28 EMPLOYEE BENEFITS EXPENSE**

| <b>Rs. In Crores</b>                                |                |                |
|---|----------------|----------------|
| <b>Particulars</b>                                  | <b>2022-23</b> | <b>2021-22</b> |
| i) Salaries, Wages, Bonus and Allowances #          | <b>142.80</b>  | 140.16         |
| ii) Contributions to Provident Fund & Other Funds # | <b>14.71</b>   | 19.51          |
| iii) Staff Welfare Expenses                         | <b>10.11</b>   | 9.54           |
| <b>Total</b>  | <b>167.62</b>  | 169.21         |

**Parent Company**

# includes remuneration (including other benefits) payable to Erstwhile Managing Director for the period ended March 10, 2022 amounting to Rs. NIL (Previous Year of Rs. 2.61 Crores) and remuneration payable to Erstwhile Non- Executive Directors amounting to Rs. NIL (Previous Year Rs. 0.40) is subject to approval of appropriate authorities.

**NOTE NO. 1.29 FINANCE COSTS**

| <b>Rs. In Crores</b>          |                |              |                |       |
|-------------------------------|----------------|--------------|----------------|-------|
| <b>Particulars</b>            | <b>2022-23</b> |              | <b>2021-22</b> |       |
| I) Interest Expenses          |                |              |                |       |
| a) Term Loans                 | <b>0.12</b>    |              | 0.07           |       |
| b) Working Capital and others | <b>16.62</b>   |              | 10.55          |       |
|                               |                | <b>16.74</b> |                | 10.62 |
| ii) Other Finance Costs *     |                | <b>4.94</b>  |                | 2.59  |
| <b>Total</b>                  |                | <b>21.68</b> |                | 13.21 |

\* Net of interest cost on Employee Defined Benefits Plan- loss of Rs. 0.18 Crores (Previous Year Loss of Rs. 0.18 Crores).

**Notes to Consolidated Financial Statement for the year ended March 31, 2023 (Contd.)****NOTE NO. 1.30 DEPRECIATION****Rs. In Crores**

| Particulars               | 2022-23      | 2021-22 |
|---------------------------|--------------|---------|
| Depreciation for the year | <b>58.58</b> | 62.43   |
| <b>Total</b>              | <b>58.58</b> | 62.43   |

**NOTE NO. 1.31 OTHER EXPENSES****Rs. In Crores**

| Particulars                                   | 2022-23       |               | 2021-22 |        |
|---|---------------|---------------|---------|--------|
| <b>i) Materials</b>                           |               |               |         |        |
| a) Stores and Spares                          | <b>93.00</b>  |               | 83.20   |        |
| b) Consumables                                | <b>135.02</b> | <b>228.02</b> | 107.93  | 191.13 |
| <b>ii) Energy</b>                             |               |               |         |        |
| a) Power Charges                              | <b>266.86</b> |               | 230.82  |        |
| b) Fuel                                       | <b>119.30</b> |               | 96.62   |        |
| c) Gases                                      | <b>28.35</b>  | <b>414.51</b> | 27.87   | 355.31 |
| <b>iii) Direct Manufacturing</b>              |               |               |         |        |
| a) Processing Charges                         | <b>9.29</b>   |               | 8.28    |        |
| b) Other Direct Expenses                      | <b>34.24</b>  |               | 30.39   |        |
| c) Repairs Maintenance to Plant and Machinery | <b>6.22</b>   |               | 7.44    |        |
| d) Repairs to Factory Building                | <b>0.54</b>   |               | 0.91    |        |
| e) Machine Rentals                            | <b>0.15</b>   | <b>50.44</b>  | 0.28    | 47.30  |
| <b>iv) Selling &amp; Distribution</b>         |               |               |         |        |
| a) Freight Charges                            | <b>50.68</b>  |               | 48.55   |        |
| b) Commission on Sales                        | <b>1.40</b>   |               | 1.40    |        |
| c) Selling and Other Expenses                 | <b>1.93</b>   | <b>54.01</b>  | 2.56    | 52.51  |
| <b>v) Administrative Expenses</b>             |               |               |         |        |
| a) Rent                                       | <b>0.16</b>   |               | 0.13    |        |
| b) Rates & Taxes                              | <b>1.68</b>   |               | 1.95    |        |
| c) Travelling                                 | <b>1.76</b>   |               | 1.91    |        |
| d) Communication                              | <b>0.85</b>   |               | 0.79    |        |
| e) Repair and Maintenance (Others)            | <b>0.87</b>   |               | 0.65    |        |
| f) Insurance                                  | <b>2.14</b>   |               | 1.95    |        |
| g) Equipment Lease Rentals                    | <b>0.28</b>   |               | 0.47    |        |
| h) Miscellaneous Expenses                     | <b>57.48</b>  |               | 43.08   |        |
| (Refer Note. No. 3.14)                        |               | <b>65.22</b>  |         | 50.93  |
| <b>Total</b>                                  |               | <b>812.20</b> |         | 697.18 |

## Notes to Consolidated Financial Statement for the year ended March 31, 2023 (Contd.)

### 1. Corporate Information:

ISMT Limited ("ISMT" or "the Parent Company") is a public limited company incorporated in India (CIN: L27109PN1999PLC016417) having its registered office in Pune. The Group is mainly engaged in manufacturing of seamless tubes, cylinder tubes, components and Engineering steels. The consolidated financial statement comprises financials of the parent company and its subsidiaries (referred to collectively as "the Group"). As on March 10, 2022, Kirloskar Ferrous Industries Limited ("KFIL") owns 51.25% of the Ordinary Shares of the Parent Company, and has become Holding Company of the ISMT.

The Board at its meeting held on November 4, 2022 which was adjourned to November 5, 2022 has approved a draft Scheme of Arrangement and Merger between the Company (Transferor Company) and Kirloskar Ferrous Industries Limited (Transferee Company). Pursuant to the said Scheme and upon receipt of all the requisite approvals, 17 fully paid up equity shares of face value of Rs. 5/- each of KFIL will be allotted for every 100 fully paid up equity shares of face value of Rs. 5/- each of the Company. As on date, the Company is awaiting approval of the stock exchanges to the draft Scheme.

These consolidated financial statements for the year ended March 31, 2023 were approved for the issue by the Board of Directors at their Board Meeting dated May 3, 2023.

### 2. Significant Accounting Policies:

#### 2.1 Principles of Consolidation:

The consolidated financial statements have been prepared in accordance with Ind AS 110 on "Consolidated Financial Statements" on the following principles:

- a) Subsidiaries are entities controlled by the Parent Company. Control exists when the parent has power over the entity, is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns by using its power over the entity. Power is demonstrated through existing rights that give the ability to direct relevant activities, those which significantly affect the entity's returns. The financial statements of the subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which the control ceases.
- b) The consolidated financial statements comprise of the financial statement of the Parent Company and its subsidiaries referred herein in Para h below. The financial statements of the Parent Company and its subsidiaries have been consolidated on a line-by-line basis by adding together the book values of like items of assets, liabilities, incomes and expenses after eliminating intra-group balances, intra group transactions and unrealized profits resulting there from and are presented to the extent possible, in the

same manner as the Parent Company's independent financial statements.

- c) In case of foreign subsidiaries, revenue items are converted at the average rates prevailing during the year. All assets and liabilities are converted at rates prevailing at the end of the year. Any exchange difference arising on consolidation is recognized in the "Foreign Currency Translation Reserve".
- d) The financial statements of the Parent Company and its subsidiaries have been consolidated using uniform accounting policies for like transactions and other events in similar circumstances. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. The financial statements of the subsidiaries used in consolidation are drawn up to the same reporting date as that of the Parent Company i.e., year ended March 31, 2023.
- e) Non-controlling interests in the net assets of consolidated subsidiaries consists of:
  - The amount of equity attributable to non-controlling interests at the date on which investment in a subsidiary is made; and
  - The non-controlling interests' share of movements in equity since the date parent subsidiary relationship came into existence.
  - The profit and other comprehensive income attributable to non-controlling interests of subsidiaries are shown separately in the Statement of Profit and Loss and Statement of Changes in Equity.

#### f) Business Combinations:

In accordance with Ind AS 103, the Group accounts for business combinations using the acquisition method when the control is transferred to the Group. The consideration transferred for the business combinations is generally measured at fair value as at the date the control is acquired (acquisition date), as are the net identifiable assets acquired. Any goodwill that arises is tested annually for impairment. The Parent Company determines the basis of control in line with the requirements of Ind AS 110, Consolidated Financial Statements. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

If a business combination is achieved in stages, any previously held equity interest in the acquire is remeasured at its acquisition date fair value and any resulting gain or loss is recognized in profit or loss or OCI as appropriate.



## Notes to Consolidated Financial Statement for the year ended March 31, 2023 (Contd.)

### g) Common Control:

Business combinations involving entities that are ultimately controlled by the same part (ies) before and after the business combination are considered as Common control entities and are accounted using the pooling of interest method as follows:

- The assets and liabilities of the combining entities are reflected at their carrying amounts.
- No adjustments are made to reflect the fair values, or recognise new assets or liabilities. Adjustments are made to harmonise accounting policies.
- The financial information in the financial statements in respect of prior periods is restated as if the business combination has occurred from the beginning of the preceding period in the financial statements, irrespective of the actual date of the combination.

The balance of the retained earnings appearing in the financial statements of the transferor is aggregated with the corresponding balance appearing in the financial statements of the transferee or is adjusted against general reserve.

The identity of the reserves is preserved and the reserves of the transferor become the reserves of the transferee.

The difference if any, between the amounts recorded as share capital plus any additional consideration in the form of cash or other assets and the amount of share capital of the transferor is transferred to capital reserve and is presented separately from other capital reserves.

- h) The consolidated Financial Statements present the consolidated accounts of ISMT Limited with its subsidiaries including indirect subsidiary companies.

| Sr. No | Name of the Company  | Country of Incorporation |
|--------|--|--------------------------|
| i)     | * ISMT Enterprises SA  | Luxembourg               |
| ii)    | * Structo Hydraulics AB  | Sweden                   |
| iii)   | * ISMT Europe AB   | Sweden                   |
| iv)    | * Tridem Port and Power Company Private Limited                | India                    |
| v)     | * Nagapattinam Energy Private Limited                          | India                    |
| vi)    | * Best Exim Private Limited                                    | India                    |
| vii)   | * Marshal Microware Infrastructure Development Private Limited | India                    |
| viii)  | * Success Power and Infraprojects Private Limited              | India                    |

|     |                      |           |
|-----|----------------------|-----------|
| ix) | # PT ISMT Resources  | Indonesia |
| x)  | Indian Seamless Inc. | USA       |

# Compiled by the Management as on March 31, 2023.

\* Audited by other Auditors.

- Ownership interest in all the Subsidiary Companies is 100% except in case of ISMT Enterprises SA Luxembourg, it is 99.62%.
- Reporting dates of all Subsidiary Companies are March 31, 2023 except for PT ISMT Resources; it is December 31, 2022. PT ISMT Resources is not material to the group having regards to its size as compared to group. Further there are no significant events having material impact on consolidated financial statement after this reporting date.

### 2.2 Basis of Preparation:

The consolidated financial statements of the Group have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 ("Act") read with Companies (Indian Accounting Standards) Rules, 2016; as amended and the other relevant provisions of the Act and Rules there under. In addition, the guidance notes/ announcements issued by Institute of Chartered Accountants of India and guideline issued by Securities and Exchange Board of India are also applied.

The consolidated financial statements have been prepared on a historical cost basis except for certain financial assets and financial liabilities (including financial instruments) which have been measured at fair value at the end of each reporting period as explained in the accounting policies stated below.

The Balance Sheet and Statement of Profit and Loss are presented in the format prescribed in Division II to Schedule III of the Companies Act, 2013. The Statement of Cash Flow has been prepared as per the requirement of Ind AS 7, "Statement of Cash Flows". The disclosure requirement with respect to items in Balance Sheet and Statement of Profit and Loss, as prescribed under Schedule III to the Act, are presented by way of notes forming part of the Financial Statements alongwith the notes.

### 2.3 Functional and presentation currency and Rounding off of the amounts:

The Functional and presentation currency of the Group is Indian rupees. Accordingly, all amounts disclosed in the consolidated financial statements and notes have been shown in Indian rupees and all values are shown in Crores and rounded to two decimals except when otherwise indicated. Due to rounding off, the numbers presented throughout the document may not add up precisely to the totals and percentages may not precisely reflect the absolute figures.

## Notes to Consolidated Financial Statement for the year ended March 31, 2023 (Contd.)

### 2.4 Current versus non-current classification:

The Group has classified all its assets and liabilities under current and non-current as required by Ind AS 1- Presentation of Financial Statements. The asset is treated as current when it is:

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

All other assets are classified as non-current

A liability is current when:

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

All other liabilities are classified as non-current.

### 2.5 Revenue Recognition:

The Group derives revenue primarily from manufacturing of seamless tubes, cylinder tubes, components and Engineering steels

The Group follows specific recognition criteria as described below before the revenue is recognized.

#### i Sales:

- a) The Company recognises revenue, when or as control over distinct goods or services is transferred to the customer; i.e. when the customer is able to direct the use of the transferred goods or rendering of services and obtains substantially all of the remaining benefits, provided a contract with enforceable rights and obligations exists and amongst others collectability of consideration is probable taking into account our customer's creditworthiness.

Revenue is the transaction price the Company expects to be entitled to. Variable consideration is included in the transaction price if it is highly probable that a significant reversal of revenue will not occur once associated uncertainties are resolved.

The variable consideration is constrained to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when any uncertainty

is subsequently resolved. The amount of variable consideration is calculated by either using the expected value or the most likely amount depending on which it is expected to better predict the amount of variable consideration.

Consideration is adjusted for the time value of money if the period between the transfer of goods or services and the receipt of payment exceeds twelve months and there is a significant financing benefit either to the customer or the Company.

Performance obligations are identified based on individual terms of contract. If a contract contains more than one distinct good or service, the transaction price is allocated to each performance obligation based on relative standalone selling prices. The Company reasonably estimates the stand-alone selling prices if such prices are not observable. For each performance obligations identified as above, the revenue is recognised either at a point in time or over time. When the Company's efforts or inputs are expended evenly throughout the performance period revenue is recognised on straight-line basis over time.

The incremental cost to obtain a contract are recognised as an asset if the Company expects to recover those cost over the period of contract. Company recognises the incremental costs of obtaining a contract as an expense, when incurred, if the amortisation period of the asset that the entity otherwise would have recognised is one year or less.

In case of bill and hold arrangements, revenue is recognized when the company completes its performance obligation to transfer the control of the goods to the customer in accordance with the agreed upon specifications in the contract for which the customer has accepted the control. Such goods are identified and kept ready for delivery based on which revenue is recognized.

The company completes its performance obligation to transfer the control of the goods to the customer in accordance with the agreed -upon specifications in the contract for which customer accepts the same and confirms to the Company basis which criteria for bill and hold is met.

- b) Inter Division Transfer represents transfer of finished / semi-finished products within the Segment for further processing and sale.

**Notes to Consolidated Financial Statement for the year ended March 31, 2023 (Contd.)****ii Other Operating Revenue:**

Other Operating revenue comprises of following items:

- Export incentives
- Sale of scrap

Export Incentives are recognized when right to receive credit as per prevalent scheme is established in respect of the exports made and when there is no significant uncertainty regarding realization of such claim.

**iii Interest Income:**

Interest income from financial assets is recognized using effective interest rate method.

**2.6 Property, Plant and Equipment (PPE):**

- i. Property, plant and equipment are stated at their original cost of acquisition including taxes, duties, freight, other incidental expenses related to acquisition and installation of the concerned assets and exclude refundable taxes and duties.
- ii. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and the cost can be measured reliably. When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. All other repairs and maintenance costs are recognized as expense in profit and loss statement as and when incurred.
- iii. All incidental expenses incurred during project implementation, for the project as well as trial run expenses are treated as expenditure during construction and are capitalized.
- iv. Capital work in progress consist of cost of property, plant and equipment that are not yet installed and are not ready for their intended use at the Balance Sheet date.

**2.7 Non-current assets held for sale**

Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. This condition is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate use in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

**2.8 Depreciation:**

- i Leasehold Land is amortized over lease period.
- ii Depreciation on Plant & Machinery other than Captive Power Plant is provided on its useful life estimated by the management on Written Down Value method. For these classes of assets, based on the technical evaluation carried out by the external experts, the management has estimated the useful lives in the range of 8 years to 65 years.
- iii Depreciation on Building and Plant & Machinery of Captive Power Plant is provided as per the useful life specified in Part 'C' of Schedule II of the Companies Act, 2013 on Straight Line Method
- iv Deprecation on Furniture & Fixtures, Office Equipment and vehicle is provided as per the useful life specified in Part 'C' of Schedule II of the Companies Act, 2013 on Written Down Value Method except in case of Tridem Port and Power Company Private Limited and Nagapattinam Energy Private Limited where straight line method is followed.
- v Depreciation on property, plant and equipment of the Group's foreign subsidiaries has been provided on straight line method as per the estimated useful life of such assets. Details of estimated useful life of property, plant and equipment of these foreign subsidiaries are as follows:

| Sr. No. | Class of Assets                           | Useful life in Years |
|---------|---|----------------------|
| 1       | Building                                  | 45 Years             |
| 2       | Equipment's, Tools, Fixtures and Fittings | 3 to 5 years         |
| 3       | Plant & Machinery and Equipment           | 3 to 30 Years        |
| 4       | Computer Hardware and Software            | 5 Years              |

- vi The management believes that the estimated useful lives are realistic and reflects fair approximation of the period over which the assets are likely to be used. At each financial year end, management reviews the residual values, useful lives and method of depreciation of property, plant and equipment and values of the same are adjusted prospectively where needed.

**2.9 Leases:**

The Group's leased assets consist of leases for Buildings and Plant and Machinery. At inception of a contract, the Group assesses whether a contract is, or contains, a lease. 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: (i) the contract involves

## Notes to Consolidated Financial Statement for the year ended March 31, 2023 (Contd.)

the use of an identified asset (ii) the group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and (iii) the Group has the right to direct the use of the asset.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of Property, Plant and Equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The lease liability is subsequently measured at amortised cost using the effective interest method. It is re-measured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is re-measured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

### Short-term leases and leases of low-value assets:

The Group has elected not to recognise right-to-use assets and lease liabilities for short-term lease that have a lease term of 12 months or less and leases of low-value assets. The Group recognises the lease payments associated with these leases as an operating expense as per the terms of the lease.

### 2.10 Inventories:

Parent Company

- i. **Classification:** Scrap generated from Tube Segment is classified as raw material as the same is mostly used by Steel Segment.

### ii. Valuation

- a) Raw Materials are valued at lower of cost or net realisable value. Cost is determined on weighted average basis.
- b) Semi finished and finished goods are valued at lower of cost or net realisable value. The cost includes raw material on weighted average basis, labour cost, manufacturing expenses, production overheads and depreciation based on normal operating capacity.
- c) Stores, Spares and Coal are valued at cost determined on weighted average basis except for those which have a longer usable life, which are valued on the basis of their remaining useful life.
- d) NRV is the combined selling price in the ordinary course of business, less estimated cost of completion and estimated cost necessary to make the sale.
- iii. Inventories include goods in transit under the appropriate heads.

### Subsidiary Companies – Structo Hydraulics AB:

Inventory is valued at the lower of the acquisition value on a first in first out principle and net realisable value respectively. Thereby risk of obsolescence have been considered. The acquisition value is estimated according to weighted average prices.

### 2.11 Employee Benefits:

#### I. Parent Company / Indian Subsidiary Companies

##### A) Post-Employment Benefit

##### a. Defined Contribution Plan

The Companies makes defined contribution to Provident Fund and Superannuation Schemes, ESIC which are recognized in the Statement of Profit and Loss on accrual basis.

##### b. Defined Benefit Plan:

##### • Gratuity:

The Company provides for gratuity obligations through a Defined Benefits Retirement plan ('The Gratuity Plan') covering all employees. The present value of the obligation under such Defined benefits plan is determined based on actuarial valuation using the Project Unit Credit method with actuarial valuations being carried out at the end of each reporting period.

Re-measurements, comprising of actuarial gains and losses, are recognized immediately in the balance sheet with a corresponding debit or credit to retained earnings through other comprehensive income in the period in which they occur. Re-measurements are not reclassified to statement of profit and loss in subsequent periods.

**Notes to Consolidated Financial Statement for the year ended March 31, 2023 (Contd.)**

The Company operates a defined benefit plan for gratuity, which requires contributions to be made to a separately administered fund.

Past service costs are recognised in the Statement of Profit and Loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Company recognises related restructuring costs.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises the following changes in the net defined benefit obligation as an expense in the Statement of Profit and Loss:

- Service costs comprising current service costs, past service costs, gains and losses on curtailments and non routine settlements; and
- Net interest expense or income.
- **Leave Encashment:**

The Companies provides for the liability at year end on account of un-availed earned leave as per the actuarial valuation.

**B) Termination Benefits**

Termination benefits are recognised in the Statement of Profit and Loss in the year in which termination benefits become payable or when the Company determines that it can no longer withdraw the offer of those benefits, whichever is earlier.

**II. Subsidiary Companies - Structo Hydraulics AB and ISMT Europe AB:**

The Company makes defined contribution to the Insurance Company as a social security benefit, which is recognized in the Statement of Profit and Loss.

**2.12 Research and Development:**

Research and Development costs (other than costs of fixed assets acquired) are charged to Statement of Profit and Loss in the year in which they are incurred.

**2.13 Foreign Currency Transactions:**

Transactions in foreign currency are recorded at the exchange rate prevailing on the date of the transaction. Foreign currency denominated monetary assets and liabilities at the Balance Sheet date are translated at the exchange rate prevailing on the date of Balance Sheet.

Exchange rate differences resulting from foreign currency transactions settled during the period including year-end translation of assets and liabilities are recognized in the Statement of Profit and Loss.

Non-monetary assets, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the initial transaction.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss are also recognized in OCI or Statement of Profit and Loss, respectively). Non-monetary items that are measured based on historical cost in a foreign currency are not translated.

The Group has availed the exemption available in IND AS 101, to continue capitalisation of foreign currency fluctuation on long term foreign currency monetary liabilities outstanding on transition date (i.e. April 1, 2016).

**2.14 Derivatives**

Company uses derivative contracts to hedge its exposure against movements in foreign exchange rates. The use of derivative contracts is intended to reduce the risk or cost to the Company. Derivative contracts are not used for trading or speculation purpose.

All derivatives are measured at fair value through the profit or loss unless they form part of a qualifying cash flow hedge, in which case the fair value is taken to reserves and released into the Statement of Profit and Loss at the same time as the risks on the hedged instrument are recognised therein. Any hedge ineffectiveness will result in the relevant proportion of the fair value remaining in the Statement of Profit and Loss. Fair values are derived primarily from discounted cash-flow models, option-pricing models and from third-party quotes. Derivatives are carried as assets when their fair values are positive and as liabilities when their fair values are negative. All hedging activity is explicitly identified and documented by the Company.

**2.15 Borrowing Costs:**

Borrowing Costs directly attributed to the acquisition, construction or production of qualifying assets are capitalized as a part of the cost of asset up to the date the asset is put to use. Other Borrowing Costs are charged to the profit and loss account in the year in which they are incurred.

**2.16 Government Incentives:**

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognized as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognized as income in equal amounts over the expected useful life of the related asset.

When loans or similar assistance are provided by governments or related institutions, with an interest rate below the current applicable market rate, the effect of this



## Notes to Consolidated Financial Statement for the year ended March 31, 2023 (Contd.)

favourable interest is regarded as a government grant. The loan or assistance is initially recognized and measured at fair value and the government grant is measured as the difference between the initial carrying value of the loan and the proceeds received. The loan is subsequently measured as per accounting policy applicable to financial liabilities.

### 2.17 Cash and cash equivalents:

Cash and cash equivalents comprises cash on hand and at bank and demand deposits with banks which are short-term, highly liquid investments with original maturities of three months or less that are readily convertible into a known amounts of cash and which are subject to an insignificant risk of changes in value.

### 2.18 Cash Flow Statements

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non cash nature and any deferral or accruals of past or future cash receipts or payments. The cash flows from regular operating, investing and financing activities of the Company are segregated.

### 2.19 Fair Value Measurement:

The Group measures certain financial instruments at fair value at each balance sheet date. Certain accounting policies and disclosures require the measurement of fair values, for both financial and nonfinancial assets and liabilities. The Group has an established control framework with respect to the measurement of fair values and the valuation team regularly reviews significant unobservable inputs and valuation adjustments.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1 — quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 — inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. as derived from prices)

Level 3 — inputs for the asset or liability that are not based on observable market data (unobservable inputs)

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into a different level of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

### 2.20 Financial instruments:

A Group recognizes financial assets and financial liabilities when it becomes party to the contractual provision of the instrument.

## I. Financial Assets:

### a) Initial recognition and measurement:

Financial assets are initially measured at its fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets (other than financial assets at fair value through profit or loss) are added to or deducted from the fair value of the concerned financial assets, as appropriate, on initial recognition. Transaction costs directly attributable to acquisition of financial assets at fair value through profit or loss are recognized immediately in profit and loss. However, trade receivable that do not contain a significant financing component are measured at transaction price.

### b) Subsequent measurement:

For subsequent measurement, the Group classifies financial asset in following broad categories:

#### i. Financial asset carried at amortized cost (net of any write down for impairment, if any):

Financial assets are measured at amortized cost when asset is held within a business model, whose objective is to hold assets for collecting contractual cash flows and contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest. Such financial assets are subsequently measured at amortized costs using Effective Interest Rate (EIR) method less impairment, if any. The losses arising from impairment are recognized in the statement of profit or loss. Cash and bank balances, trade receivables, loans and other financial asset of the Group are covered under this category.

#### ii. Financial asset carried at fair value through other comprehensive income (FVTOCI):

Financial asset under this category are measured initially as well as at each reporting date at fair value, when asset is held with a business model whose objective is to hold asset for both collecting contractual cash flows and selling financial assets. Fair value movements are recognized in the other comprehensive income.

#### iii. Financial asset carried at Fair Value through profit or loss (FVTPL):

Financial asset under this category are measured initially as well as at each reporting date at fair value. Changes in fair value are recognized in the statement of profit or loss.

### c) Other equity instruments:

All other equity instruments are measured as fair value, with value changes recognized in Statement of Profit and Loss, except for those equity instrument for which the Group has elected to present the value changes in 'Other Comprehensive Income'.

**Notes to Consolidated Financial Statement for the year ended March 31, 2023 (Contd.)****d) De-recognition of Financial Assets:**

A financial asset is primarily derecognized when rights to receive cash flows from the asset have expired or the Group has transferred its contractual rights to receive cash flows of the financial asset and has substantially transferred all the risk and reward of the ownership of the financial asset.

**e) Impairment of financial asset:**

In accordance with Ind AS 109, the Group uses 'Expected Credit Loss' (ECL) model, for evaluating impairment of financial assets other than those measured at fair value through profit and loss (FVTPL).

ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original effective interest rate.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial asset. 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months from the reporting date.

For trade receivables Group applies 'simplified approach' which requires expected lifetime losses to be recognised from initial recognition of the receivables. The Group uses historical default rates to determine impairment loss on the portfolio of trade receivables. At every reporting date these historical default rates are reviewed and changes in the forward looking estimates are analysed.

For other assets, the Group uses 12 month ECL to provide for impairment loss where there is no significant increase in credit risk. If there is significant increase in credit risk full lifetime ECL is used.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/expense in the Statement of Profit and Loss under the head 'Other expenses'

**II. Financial Liabilities:****a) Initial recognition and measurement:**

The Group recognizes a financial liability in its Balance Sheet when it becomes party to the contractual provisions of the instrument. Group classifies all financial liabilities as subsequently measured at amortised cost or FVTPL.

All financial liabilities are recognized initially at fair value and in the case of loans, borrowings and payables, net of directly attributable transaction costs. Financial liabilities include trade and other payables, loans and borrowings including bank overdrafts and derivative financial instruments.

**b) Subsequent measurement:**

Financial liabilities are carried at amortized cost using the Effective Interest Rate (EIR) method. For trade and other payable maturing within one year from balance sheet date, the carrying amount approximate fair value due to short maturity of these instruments.

**c) De-recognition of financial liabilities:**

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the Statement of Profit and Loss.

**III. Offsetting of Financial Instruments:**

Financial assets and Financial Liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

**2.21 Segment accounting:**

The Group's operating segments are established on the basis of those components of the group that are evaluated regularly by the Executive Committee, the 'Chief Operating Decision Maker' as defined in Ind AS 108 - 'Operating Segments', in deciding how to allocate resources and in assessing performance. These have been identified taking into account nature of products and services, the differing risks and returns and the internal business reporting systems by adopting aggregation approach.

**2.22 Earnings per share**

Basic earnings per share is calculated by dividing the net profit for the year attributable to the shareholders' of the Group and weighted average number of shares outstanding during the year.

Diluted earnings per share is calculated by dividing the net profit for the year attributable to the shareholder's of the Group and weighted average number of equity and potential equity shares outstanding during the year including share options, convertible preference shares and debentures, except where the result would be anti-dilutive. Potential equity shares that are converted during the year are included in the calculation of diluted earnings per share, from the beginning of the year or date of issuance of such potential equity shares, to the date of conversion.



## Notes to Consolidated Financial Statement for the year ended March 31, 2023 (Contd.)

### 2.23 Provision for Current and Deferred Tax:

The tax expense for the period comprises current and deferred tax. Taxes are recognised in the statement of profit and loss, except to the extent that it relates to the items recognised in the other comprehensive income or in Equity. In which case, the tax is also recognised in other comprehensive income or in Equity.

#### Current tax:

Provision for Current tax is made on the basis of relevant provision of The Income Tax Act, 1961 as applicable to the financial year.

#### Deferred tax:

Deferred tax is recognised 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 timing difference. Deferred tax assets are recognized for deductible temporary differences to the extent that they are probable that taxable profit will be available against which the deductible temporary difference can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and adjusted to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

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

#### Foreign Subsidiary Companies:

Tax expenses have been accounted for on the basis of tax laws prevailing in respective countries

### 2.24 Impairment of non-financial Assets:

The Group assesses at each reporting date as to whether there is any indication that any property, plant and equipment and intangible assets or group of assets, called cash generating units (CGU) may be impaired. If any such indication exists the recoverable amount of an asset or CGU is estimated to determine the extent of impairment, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the CGU to which the asset belongs.

An impairment loss is recognized in the Statement of Profit and Loss to the extent, asset's carrying amount exceeds its recoverable amount. The recoverable amount is higher of an asset's fair value less cost of disposal and value in use. Value in use is based on the estimated future cash flows,

discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and risk specific to the assets.

The impairment loss recognized in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

### 2.25 Provision and Contingencies:

Provisions are recognized when the Group has present obligation (legal or constructive) as a result of past event and it is probable that outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense related to a provision is presented in the statement of profit and loss net of any reimbursement/contribution towards provision made.

If the effect of the time value of money is material, estimate for the provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

#### Contingent liabilities:

Contingent Liabilities are not provided and are disclosed in Notes to Accounts. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

#### Contingent Assets:

Contingent assets are not recognized but disclosed when the inflow of economic benefits is probable. However, when the realization of income is virtually certain, then the related asset is no longer a contingent asset, but it is recognized as an asset.

### 2.26 Exceptional Items

Exceptional items are those items that management considers, by virtue of their size or incidence (including but not limited to impairment charges and acquisition and restructuring related costs), should be disclosed separately to ensure that the financial information allows an understanding of the underlying performance of the business in the year, so as to facilitate comparison with prior periods. Such items are material by nature or amount to the year's result and require separate disclosure in accordance with Ind AS.

**Notes to Consolidated Financial Statement for the year ended March 31, 2023 (Contd.)****2.27 Events occurring after the Consolidated Balance Sheet Date:**

Events occurring after the Consolidated Balance Sheet date and till the date on which the consolidated financial statements are approved, which are material in the nature and indicate the need for adjustments in the consolidated financial statements have been considered.

**2.28 Standard issued but not yet effective**

Ministry of Corporate Affairs (MCA”) notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 31, 2023, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2023, as below:

- a) Ind AS 1-Presentation of Financial Statements - This amendment requires the entities to disclose their material accounting policies rather than their significant accounting policies. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2023. The Company has evaluated the amendment and the impact of the amendment is insignificant in the standalone financial statements.
- b) Ind AS 8-Accounting Policies, Changes in Accounting Estimates and Errors - This amendment has introduced a definition of ‘accounting estimates’ and included amendments to Ind AS to help entities distinguish changes in accounting policies from changes in accounting estimates. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2023. The Company has evaluated the amendment and there is no impact on its standalone financial statements.
- c) Ind AS 12- Income Taxes - This amendment has narrowed the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2023. The Company has evaluated the amendment and there is no impact on its standalone financial statement

**2.29 Key accounting judgments, estimates and assumptions:**

The preparation of the Group’s consolidated Ind AS financial statements requires the management to make judgments’, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. The Group continually evaluates these estimates and assumption based on the most recently available information.

In particular, information about significant areas of estimates and judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are as below:

- Assessment of functional currency (Refer Note no 2.3);
- Financial instruments (Refer Note no 2.20);
- Estimates of useful lives and residual value of PPE and intangible assets (Refer Note no 2.6, 2.7 and 2.8);
- Impairment of financial and non-financial assets (Refer Note no 2.19 and 2.24);
- Valuation of inventories (Refer Note no 2.10);
- Measurement of Defined Benefit Obligations and actuarial assumptions (Refer Note no 2.11);
- Allowances for uncollected trade receivable and advances (Refer Note No. 2.20);
- Evaluation of recoverability of deferred tax assets (Refer Note no 2.23) and
- Contingencies and Provisions (Refer Note no 2.25).
- Assessment of short term lease as well as judgement on enforceability. (Refer Note no.2.9)

Revisions to accounting estimates are recognized prospectively in the consolidated Statement of Profit and Loss in the period in which the estimates are revised and in any future periods affected.

## Notes to Consolidated Financial Statement for the year ended March 31, 2023 (Contd.)

### NOTE NO 3 NOTES TO ACCOUNTS

#### 3.1 CONTINGENT LIABILITIES AND COMMITMENTS (to the extent not provided for)

Rs. In Crores

| Sr No    | Particulars  | As at<br>March 31, 2023 | As at<br>March 31, 2022 |
|----------|--|-------------------------|-------------------------|
| <b>A</b> | <b>Contingent Liabilities</b>  |                         |                         |
|          | Claims against the Company not acknowledged as debt  |                         |                         |
| i)       | Sales Tax  | -                       | 3.60                    |
| ii)      | Income Tax disputed by the Company   | -                       | 1.43                    |
| iii)     | Excise and Customs Duty  | 26.73                   | 26.61                   |
| iv)      | Goods and Services Tax   | 0.89                    | 0.89                    |
| v)       | Bank Guarantee   | 39.39                   | 1.16                    |
| vi)      | Others   | 11.93                   | 11.96                   |
|          | <b>Subsidiary Companies</b>  |                         |                         |
|          | Claims against the Company not acknowledged as debt  |                         |                         |
| vii)     | Others   | 11.39                   | 11.39                   |
|          | Capital Commitments  |                         |                         |
|          | Estimated amount of contract remaining to be executed on capital account and not provided for (net of advances)* | 296.42                  | 9.48                    |

The Group does not expect the outcome of the matters stated above to have a material adverse impact on the Company's financial condition, result of operations or cash flows. Future cash outflows in respect of liability under clause A (i) to (iv) is dependent on decisions by relevant authorities of respective disputes and in respect of liability under clause A (v) and (vi) is dependent on terms agreed upon with the parties.

\*Energy Cost being the second major cost after raw material the Group has envisaged cheaper source of energy procurement. In align with this the management proposed to set up renewable energy plants and the same is included in capital commitments above.

#### 3.2 Parent Company

The Board of Directors and the Shareholders of the Company had approved remuneration to Erstwhile Managing Director for the period December 2016 to March 10, 2022 the date he ceased to be Managing Director. The same however could not be paid pending lenders approval and the lenders dues have since been paid as a result of One Time Settlement. Accordingly, remuneration payable to Erstwhile Managing Director is Rs. 9.24 Crores cumulative up to March 31, 2022 (including Rs. 5.04 Crores refunded to the Company and disclosed as contingent liability). The Company is seeking to discharge the above obligation based on suitable legal opinion and requisite approvals, if any.

#### 3.3 Parent Company

Considering the uncertainty related to realisation, the following items are not considered to accrue till they are settled / sanctioned / received as the case may be:

- Insurance claims except specific claims stated separately
- Interest on receivables

#### 3.4 Segment Reporting :

##### I Identification of Segments:

Group operating segments are established on the basis of those components of the Group that are evaluated regularly by the Executive Committee, the 'Chief Operating Decision Maker' as defined in Ind AS 108 - 'Operating Segment's, in deciding how to allocate resources and in assessing performance. These segments have been identified taking into account nature of products and services, the differing risks and returns and the internal business reporting systems.

The Group is engaged primarily into manufacturing of Steel and Tubes. The Group's primary segments are Tube Segment and Steel Segment.

Revenue and expenses have been identified to a segment on the basis of relationship to operating activities of the segment. Revenue and expenses which relate to enterprise as a whole and are not allocable to a segment on reasonable basis have been disclosed as unallocable.

## Notes to Consolidated Financial Statement for the year ended March 31, 2023 (Contd.)

Segment assets and segment liabilities represent assets and liabilities in respective segments. Investments, tax related assets and other assets and liabilities which cannot be allocated to a segment on a reasonable basis have been included under “Unallocable Assets / Liabilities”.

Inter Division Transfer represents transfer of finished / semi-finished products within the Segment for further processing and sale. Profit or loss on inter Division transfers are eliminated at the Group level.

Rs. In Crores

| Sr No | Particulars                                       | As on March 31, 2023 |          |             |          | As on March 31, 2022 |          |             |            |
|-------|---|----------------------|----------|-------------|----------|----------------------|----------|-------------|------------|
|       |   | Tube                 | Steel    |             |          | Tube                 | Steel    |             |            |
|       |   | Segment              | Segment  | Unallocable | Total    | Segment              | Segment  | Unallocable | Total      |
| i)    | <b>Segment Revenue</b>                            |                      |          |             |          |                      |          |             |            |
|       | Total External Sales (Gross)                      | 1,996.12             | 556.07   |             | 2,552.19 | 1,510.58             | 620.54   |             | 2,131.12   |
|       | Add : Inter Segment Transfers (Gross)             | -                    | 1,230.51 |             | 1,230.51 | -                    | 1,003.79 |             | 1,003.79   |
|       | : Inter Division Transfers (Gross)                | 95.97                | -        |             | 95.97    | 89.64                | -        |             | 89.64      |
|       | : Sale to Subsidiary Companies                    | 16.66                | -        |             | 16.66    | 63.70                | -        |             | 63.70      |
|       |   | 2,108.75             | 1,786.58 |             | 3,895.33 | 1,663.92             | 1,624.33 |             | 3,288.25   |
|       | Less : Inter Segment Transfers (Net)              | -                    | 1,230.51 |             | 1,230.51 | -                    | 1,003.79 |             | 1,003.79   |
|       | Inter Division Transfers (Net)                    | 95.97                | -        |             | 95.97    | 89.64                | -        |             | 89.64      |
|       | Sale to Subsidiary Companies                      | 16.66                | -        |             | 16.66    | 63.70                | -        |             | 63.70      |
|       | <b>Net Sales</b>                                  | 1,996.12             | 556.07   |             | 2,552.19 | 1,510.58             | 620.54   |             | 2,131.12   |
| ii)   | <b>Segment Results</b>                            |                      |          |             |          |                      |          |             |            |
|       | <b>Profit Before Finance Costs ,</b>              | 145.07               | 30.39    | 1.24        | 176.70   | 7.36                 | 40.90    | (29.52)     | 18.74      |
|       | Less : Finance Costs                              |                      |          |             | 21.68    |                      |          |             | 13.21      |
|       | <b>: Exceptional Items</b>                        |                      |          |             | 6.43     |                      |          |             | (2,511.38) |
|       | <b>Profit / (Loss) Before Tax</b>                 |                      |          |             | 148.59   |                      |          |             | 2,516.91   |
|       | Less : Tax Expenses                               |                      |          |             | 60.85    |                      |          |             | 142.83     |
|       | <b>Profit / (Loss) After Tax</b>                  |                      |          |             | 87.74    |                      |          |             | 2,374.08   |
|       | Add : Other Comprehensive Income                  |                      |          |             | 3.67     |                      |          |             | (6.21)     |
|       | <b>Profit / (Loss) After Comprehensive Income</b> |                      |          |             | 91.41    |                      |          |             | 2,367.87   |
| iii)  | <b>Other Information</b>                          |                      |          |             |          |                      |          |             |            |
|       | Total Segment Assets                              | 1,422.21             | 471.91   | -           | 1,894.12 | 1,427.31             | 386.41   | -           | 1,813.72   |
|       | Total Segment Liabilities                         | 181.03               | 122.45   | -           | 303.48   | 129.68               | 166.25   | -           | 295.93     |
|       | Total cost incurred for acquiring Segment Assets  | 27.89                | 4.37     | -           | 32.26    | 5.74                 | 4.25     | -           | 9.99       |
|       | Segment Depreciation                              | 46.28                | 11.78    | 0.52        | 58.58    | 43.82                | 11.99    | 6.62        | 62.43      |
|       | Total Unallocable Assets                          |                      |          |             | 47.62    |                      |          |             | 140.94     |
|       | Total Unallocable Liabilities                     |                      |          |             | 160.29   |                      |          |             | 272.16     |

Note : Steel Segment Results include profit on steel captively consumed by Tube Segment.

## II Information about Geographical Segment - Secondary Segment

Rs. In Crores

| Particulars                            | 2022-23         | 2021-22         |
|--|-----------------|-----------------|
| <b>Revenue from External Customers</b> |                 |                 |
| Domestic                               | 2,258.66        | 1,934.04        |
| Exports                                | 293.53          | 197.08          |
| <b>Total revenue</b>                   | <b>2,552.19</b> | <b>2,131.12</b> |

## III Revenue from Major Customers

Revenue under the segment ‘Steel’ include Rs 86.45 Crores (Previous Year: Rs 101.72 Crores of one customer) from one customer having more than 10% revenue of total segment revenue. There is no single customer that accounts for more than 10% of the revenue in Tube Segment .

## Notes to Consolidated Financial Statement for the year ended March 31, 2023 (Contd.)

**3.5** Pending reconciliation / confirmations of Trade Receivables / Trade Payables, adjustments for differences, if any, would be made at the time of reconciliation or on receipt of confirmation. The management is of the opinion that the impact of such adjustments, if any, is not likely to be significant

**3.6** Dues to Micro and Small Enterprises

Disclosure as required by the Micro, Small and Medium Enterprises Act, 2006 (Act) is as given below. The information has been given in respect of such vendors on the basis of information available with the Company.

Rs. In Crores

| Particulars  | As at<br>March 31, 2023 | As at<br>March 31, 2022 |
|--|-------------------------|-------------------------|
| Principal amount outstanding as on year end                              | 14.19                   | 18.49                   |
| Principal amount outstanding and overdue out of above                    | 0.01                    | 10.36                   |
| Payment made beyond appointment date during the year                     | 79.33                   | 50.69                   |
| Interest due and payable for overdue payments made during the year#      | 2.66                    | 0.30                    |
| Total Interest accrued and remaining unpaid                              | 2.66                    | 0.30                    |
| Amount of further interest remaining due and payable in succeeding years | 3.65                    | 0.99                    |

# Said amount has been paid in April 2023

The information has been given in respect of such vendor on the basis on information available with the Company.

**3.7 Leases**

The Group have taken various premises and plants and machinery under operating lease. These are generally cancellable and ranges from 13 months to 10 years and are renewable by mutual consent on mutually agreeable terms. There are no restrictions imposed by these lease arrangements and there are no sub leases. There are no contingent rents.

**A) Following are the changes in the carrying amount of Right-of-Use Assets for the year ended March 31, 2023.**

Rs. In Crores

| Particulars                       | Office Building         |                         | Plant and Machinery     |                         |
|-----------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
|                                   | As at<br>March 31, 2023 | As at<br>March 31, 2022 | As at<br>March 31, 2023 | As at<br>March 31, 2022 |
| Balance as on April 1,            | 0.34                    | 1.21                    | 5.35                    | 4.95                    |
| Addition during the year          | 5.32                    | 0.61                    | -                       | 1.55                    |
| Deletion on cancellation of lease | -                       | 2.17                    | -                       | 1.24                    |
| Depreciation on ROU of Assets     | 1.21                    | 1.34                    | 1.16                    | 1.15                    |
| Depreciation on Deletion          | -                       | 2.03                    | -                       | 1.24                    |
| <b>Balance as on March 31,</b>    | <b>4.45</b>             | <b>0.34</b>             | <b>4.19</b>             | <b>5.35</b>             |

**B) The following is the movement in Lease Liabilities for the year ended March 31, 2023**

Rs. In Crores

| Particulars                           | Office Building         |                         | Plant and Machinery     |                         |
|---------------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
|                                       | As at<br>March 31, 2023 | As at<br>March 31, 2022 | As at<br>March 31, 2023 | As at<br>March 31, 2022 |
| Balance as on April 1,                | 0.37                    | 1.39                    | 3.24                    | 2.52                    |
| Additions during the year             | 5.19                    | 0.59                    | -                       | 1.21                    |
| Finance Cost incurred during the year | 0.49                    | 0.14                    | 0.40                    | 0.48                    |
| Deletion on Cancellation of lease     | -                       | -                       | -                       | -                       |
| Payment of lease liabilities          | (1.37)                  | (1.75)                  | (0.96)                  | (0.97)                  |
| <b>Balance as on March 31,</b>        | <b>4.68</b>             | <b>0.37</b>             | <b>2.68</b>             | <b>3.24</b>             |

**Notes to Consolidated Financial Statement for the year ended March 31, 2023 (Contd.)**

C) The table below provides details regarding the contractual maturities of lease liabilities on an undiscounted basis:

Rs. In Crores

| Particulars   | As at<br>March 31, 2023 | As at<br>March 31, 2022 |
|---|-------------------------|-------------------------|
| Due within one year   | 2.39                    | 1.13                    |
| Due within one year to five years   | 6.65                    | 3.64                    |
| Due for more than five years  | -                       | -                       |
| Total Undiscounted Lease Liabilities  | 9.04                    | 4.77                    |
| <b>Lease Liabilities included in the Statement of consolidated financial position</b> |                         |                         |
| Non- Current Financial Liabilities (Net Present Value)                                | 5.69                    | 2.91                    |
| Current Financial Liabilities (Net Present Value)                                     | 1.67                    | 0.70                    |
| <b>Total</b>  | <b>7.36</b>             | <b>3.61</b>             |

The Group does not face a liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

D) The following amounts are recognized in the Consolidated Statement of Profit and Loss for the year ended March 31, 2023:

Rs. In Crores

| Particulars                                | As at<br>March 31, 2023 | As at<br>March 31, 2022 |
|--|-------------------------|-------------------------|
| Interest Expenses on Financial Liabilities | 0.89                    | 0.62                    |
| Depreciation on ROU Assets                 | 2.36                    | 2.49                    |
| Expenses relating to Short Term Lease      | 0.43                    | 0.88                    |
| <b>Total</b>                               | <b>3.68</b>             | <b>3.99</b>             |

E) The following amounts are recognized in the Consolidated Statements of Cash Flows for the year ended March 31, 2023:

Rs. In Crores

| Particulars                    | As at<br>March 31, 2023 | As at<br>March 31, 2022 |
|--------------------------------|-------------------------|-------------------------|
| Total Cash outflows for Leases | 2.33                    | 2.72                    |

### 3.8 Related Party Transactions.

In accordance with the requirements of Ind AS 24, on related party disclosures, name of the related party, related party relationship, transactions and outstanding balances with whom transactions have taken place during the reporting periods are given below:

| Sr No    | Name of the Related Party   |
|----------|---|
| <b>A</b> | <b>Ultimate Holding Company</b>   |
| 1        | Kirloskar Industries Limited  |
| <b>B</b> | <b>Holding Company</b>  |
| 1        | Kirloskar Ferrous Industries Limited ("KFIL")   |
| <b>C</b> | <b>Entity having Significant Influence</b>  |
| 1        | Asscher Enterprises Ltd. (formerly Indian Seamless Enterprises Ltd.) (upto November 24, 2022) |
| <b>D</b> | <b>Post Employment Benefit Plan of the Company</b>  |
| 1        | The Indian Seamless Metal Tubes Ltd Provident Fund (Unit -A)                                  |
| 2        | ISMTL Provident Fund (Unit B)   |

**Notes to Consolidated Financial Statement for the year ended March 31, 2023 (Contd.)**

| Sr No | Name of the Related Party             |
|-------|---------------------------------------|
| 3     | ISSAL Provident Fund                  |
| 4     | Indian Seamless Superannuation Scheme |
| 5     | ISSAL Superannuation Fund             |
| 6     | Indian Seamless Gratuity Fund         |
| 7     | ISSAL Gratuity Fund                   |

**I Key Management Personnel (KMP)**

| Sr No | Name of the Related Party | Designation  |
|-------|---------------------------|--|
| 1     | Mr. Rahul Kirloskar       | Chairman (w.e.f. March 10, 2022)                   |
| 2     | Mr. Ravindranath Gumaste  | Vice Chairman (w.e.f. March 10, 2022)              |
| 3     | Mr. Nishikant Ektare      | Managing Director (w.e.f. March 10, 2022)          |
| 4     | Mr. Rajiv Goel            | Chief Financial Officer (upto September 30, 2022)  |
| 5     | Mr. Rajiv Goel            | Non Executive Director (upto March 17, 2023)       |
| 6     | Mr. S G Patil             | Chief Financial Officer (w.e.f. November 05, 2022) |
| 7     | Mr. S. Venkataramani      | Independent Director (w.e.f. March 10, 2022)       |
| 8     | Mrs. Shalini Sarin        | Independent Director (w.e.f. March 10, 2022)       |
| 9     | Mr. R Poornalingam        | Independent Director (upto March 07, 2023)         |
| 10    | Mr. Kanakraj M            | Independent Director                               |
| 11    | Ms. Anne Karlsson         | Director (Structo Hydraulics AB)                   |
| 12    | Mr. Chetan Nathani        | Company Secretary                                  |

**i) Details of Transactions with Key Management Personnel: (KMP)**

|       |  | Rs. In Crores |         |
|-------|--|---------------|---------|
| Sr No | Nature of Transactions                       | 2022-23       | 2021-22 |
| 1     | <b>Managerial Remuneration *</b>             | <b>10.51</b>  | 5.49    |
|       | Mr. Nishikant Ektare                         | 4.55          | 0.08    |
|       | Mr. B. R. Taneja                             | -             | 1.94    |
|       | Mr. O. P. Kakkar                             | -             | 0.40    |
|       | Mr. Rajiv Goel                               | 4.85          | 1.74    |
|       | Mr. S G Patil                                | 0.29          | -       |
|       | Mr. Chetan Nathani                           | 0.18          | 0.16    |
|       | Ms. Anne Karlsson                            | 0.64          | 1.17    |
| 2     | <b>Commission to Non Executive Directors</b> | <b>1.08</b>   | -       |
|       | Mr. Rahul Kirloskar                          | 0.06          | -       |
|       | Mr. Ravindranath Gumaste                     | 0.31          | -       |
|       | Mr. Rajiv Goel                               | 0.03          | -       |
|       | Mr. S. Venkataramani                         | 0.28          | -       |
|       | Mrs. Shalini Sarin                           | 0.15          | -       |
|       | Mr. R Poornalingam                           | 0.14          | -       |
|       | Mr. Kanakraj M                               | 0.11          | -       |



**Notes to Consolidated Financial Statement for the year ended March 31, 2023 (Contd.)**

|          |  | Rs. In Crores |         |
|----------|--|---------------|---------|
| Sr No    | Nature of Transactions                               | 2022-23       | 2021-22 |
| <b>3</b> | <b>Managerial Remuneration payable as on</b>         | <b>7.52</b>   | 4.78    |
|          | Mr. Nishikant Ektare                                 | 3.27          | 0.08    |
|          | Mr. B. R. Taneja                                     | 4.21          | 4.21    |
|          | Mr. O. P. Kakkar                                     | -             | 0.40    |
|          | Mr. Rajiv Goel                                       | -             | 0.08    |
|          | Mr. S G Patil  | 0.03          | -       |
|          | Mr. Chetan Nathani                                   | 0.01          | 0.01    |
| <b>4</b> | <b>Commission Payable to Non Executive Directors</b> | <b>0.97</b>   | -       |
|          | Mr. Rahul Kirloskar                                  | 0.05          | -       |
|          | Mr. Ravindranath Gumaste                             | 0.28          | -       |
|          | Mr. Rajiv Goel                                       | 0.03          | -       |
|          | Mr. S. Venkataramani                                 | 0.25          | -       |
|          | Mrs. Shalini Sarin                                   | 0.13          | -       |
|          | Mr. R Poornalingam                                   | 0.13          | -       |
|          | Mr. Kanakraj M                                       | 0.10          | -       |
| <b>5</b> | <b>Sitting Fees Paid</b>                             | <b>0.44</b>   | 0.59    |
|          | Mr. Rahul Kirloskar                                  | 0.05          | 0.01    |
|          | Mr. Ravindranath Gumaste                             | 0.06          | 0.01    |
|          | Mr. Rajiv Goel                                       | 0.02          | -       |
|          | Mr. S. Venkataramani                                 | 0.07          | 0.01    |
|          | Mrs. Shalini Sarin                                   | 0.06          | 0.01    |
|          | Mr. R Poornalingam                                   | 0.11          | 0.17    |
|          | Mr. Kanakraj M                                       | 0.07          | 0.17    |
|          | Mr. O. P. Kakkar                                     | -             | 0.06    |
|          | Ms Deepa Mathur                                      | -             | 0.15    |

\* Excludes provision for compensated leave and gratuity for KMP as liabilities are provided on overall company basis and is not identified separately in actuarial valuation.

**ii) Details of transactions with Related Parties:**

|       |  | Rs. In Crores |         |
|-------|--|---------------|---------|
| Sr No | Nature of Transactions / Relationship                                | 2022-23       | 2021-22 |
| 1     | Sale of Goods  | 0.87          | 12.57   |
|       | Asscher Enterprises Ltd. (formerly Indian Seamless Enterprises Ltd.) | -             | 12.57   |
|       | Kirloskar Ferrous Industries Limited                                 | 0.87          | -       |
| 2     | Purchase of Raw Material   | 310.49        | 13.32   |
|       | Kirloskar Ferrous Industries Limited                                 | 310.49        | 13.32   |
| 3     | Interest on Unsecured Loan   | 10.98         | 1.05    |
|       | Kirloskar Ferrous Industries Limited                                 | 10.98         | 1.05    |
| 4     | Reimbursement of expenses  | 0.09          | -       |
|       | Kirloskar Ferrous Industries Limited                                 | 0.09          | -       |
| 5     | Post Employment Benefits -Refer note "a"                             | -             | -       |

**Notes to Consolidated Financial Statement for the year ended March 31, 2023 (Contd.)**

|       |  | Rs. In Crores |       |         |        |
|-------|--|---------------|-------|---------|--------|
| Sr No | Nature of Transactions / Relationship                                | 2022-23       |       | 2021-22 |        |
|       | <b>Outstanding as at Balance Sheet date</b>                          |               |       |         |        |
| 1     | - Receivables  | 10.72         |       | 12.57   |        |
|       | Asscher Enterprises Ltd. (formerly Indian Seamless Enterprises Ltd.) |               | 10.57 |         | 12.57  |
|       | Kirloskar Ferrous Industries Limited                                 |               | 0.15  |         | -      |
| 2     | - Payables   | 25.29         |       | 4.39    |        |
|       | Kirloskar Ferrous Industries Limited                                 |               | 25.29 |         | 4.39   |
| 3     | - Interest Payables on Unsecured Loan                                | -             |       | 0.94    |        |
|       | Kirloskar Ferrous Industries Limited                                 |               | -     |         | 0.94   |
| 4     | - Unsecured Loan Payable   | 5.75          |       | 201.75  |        |
|       | Asscher Enterprises Ltd. (formerly Indian Seamless Enterprises Ltd.) |               | 5.75  |         | 7.75   |
|       | Kirloskar Ferrous Industries Limited                                 |               | -     |         | 194.00 |
| 5     | Post Employment Benefits -Refer note "b"                             | -             | -     | -       | -      |

- a) Contribution paid to Indian Seamless Superannuation Scheme Rs. 2.01 Crores (Previous Year Rs. 3.20 Crores), ISSAL Superannuation Fund Rs. 0.31 Crores (Previous Year Rs. 1.15 Crores), The Indian Seamless Metal Tubes Ltd Provident Fund Rs. 6.08 Crores (Previous Year Rs. 5.98 Crores), ISMTL Provident Fund (Unit B) Rs. 0.76 Crores (Previous Year Rs. 0.88 Crores) and Indian Seamless Gratuity Fund Rs. 5.28 Crores (Previous Year Rs. 4.10 Crores) and ISSAL Gratuity Fund Rs. 0.65 Crores (Previous Year Rs. 0.05 Crores)
- b) Payable to Indian Seamless Superannuation Scheme Rs. 0.21 Crores (Previous Year Rs. 1.76 Crores), ISSAL Superannuation Fund Rs. 0.07 Crores (Previous Year Rs. 0.23 Crores), The Indian Seamless Metal Tubes Ltd Provident Fund Rs. 0.38 Crores (Previous Year Rs. 1.87 Crores), ISMTL Provident Fund (Unit B) Rs. 0.04 Crores (Previous Year Rs. 0.34 Crores) and receivable from Indian Seamless Gratuity Fund Rs. 1.79 Crores (Previous Year Rs. 1.16 Crores) and ISSAL Gratuity Fund Rs. 0.37 Crores (Previous Year Rs. 0.42 Crores)

Transactions entered into with Related Party's are made on terms equivalent to those that prevail in arms length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables.

**3.9 Revenue Recognition:**

- a) The Group has generated Rs. Nil revenue during the year from its contract liabilities. (Previous Year Rs. Nil).
- b) The Group generally recognise revenue when performance obligations is satisfied at a point in time when the control is transferred i.e. either on shipment or on delivery in domestic and in case of exports either on the date of bill of lading or delivery at destination as per terms of contracts with customers. The payment is due from the date of sales and are generally on terms of 30 days to 120 days.
- c) The Group is in the business of manufacturing of Seamless Tubes and Pipes, Steel and has a single obligation of delivery of goods as per commercial contract terms with its customers.
- d) There are no provision pending to be recognised as per Ind AS 37 "Provisions, Contingent Liabilities and Contingent Assets".
- e) The Sales for the current year includes an amount of Rs. 16.41 Crores (Previous Year Rs. 13.17 Crores) on account of supplies to SEZ.

**Notes to Consolidated Financial Statement for the year ended March 31, 2023 (Contd.)**

- f) Reconciliation of the Group's revenue from contract price with the revenue recognised in the Statement of Profit and Loss is as follows:

|  | <b>Rs. In Crores</b> |                 |
|--|----------------------|-----------------|
| <b>Particulars</b>                           | <b>2022-23</b>       | <b>2021-22</b>  |
| <b>Revenue as per Contract</b>               | <b>2,567.70</b>      | <b>2,137.78</b> |
| Less: Discount and incentives                | 1.44                 | 5.59            |
| Less: Rate differences                       | 14.07                | 1.07            |
| <b>Revenue from Contracts with customers</b> | <b>2,552.19</b>      | <b>2,131.12</b> |

**3.10 Income Tax Expenses**
**A The major components of income tax expenses for the year are as under:**

|        |  |         | Rs. In Crores |
|--------|--|---------|---------------|
| Sr No. | Particulars  | 2022-23 | 2021-22       |
| I      | Income Tax recognised in the statement of profit and loss                    |         |               |
|        | Current tax  | 65.80   | 17.22         |
|        | Deferred tax   | 3.78    | 43.52         |
|        | Earlier Year Tax   | (8.73)  | 0.04          |
|        | Mat Credit write off   | -       | 82.05         |
|        | Total Income Tax recognised in the consolidated statement of profit and loss | 60.85   | 142.83        |
| II     | Income Tax recognised in Other Comprehensive Income                          |         |               |
|        | Income Tax on Remeasurement of Defined Benefit Plan                          | 0.83    | (1.97)        |
|        | Total Income Tax recognised in Other Comprehensive Income                    | 0.83    | (1.97)        |

**B Reconciliation of income tax expenses and the accounting profit for the year is under:**

|  | <b>Rs. In Crores</b> |                 |
|--|----------------------|-----------------|
| <b>Particulars</b>   | <b>2022-23</b>       | <b>2021-22</b>  |
| <b>Accounting profit before income tax expenses</b>                                    | <b>148.59</b>        | <b>2,516.91</b> |
| Enacted tax rates in India (%)   | 25.168%              | 25.168%         |
| Expected income tax expenses   | 37.40                | 633.46          |
| <b>Tax Effect of :</b>   |                      |                 |
| Change in Tax Rate   | -                    | 175.75          |
| Tax difference due to Profit on sale of assets chargeable to tax as LTCG               | 6.19                 | -               |
| Expenses on which no deduction is admissible   | 7.13                 | (0.11)          |
| Deferred tax assets not recognised in earlier years                                    | 15.40                | (628.21)        |
| (Profit) / Loss in respect of which deferred tax assets not recognized for the year*   | -                    | (0.09)          |
| Earlier year taxes Written back  | (8.73)               | (0.13)          |
| Others   | 4.29                 | (121.90)        |
| <b>Tax expenses recognised in consolidated statement of profit and loss</b>            | <b>61.68</b>         | <b>58.77</b>    |
| Adjustments recognised in current year in relation to the current tax of earlier years | -                    | 0.04            |
| MAT Credit written off   | -                    | 82.05           |
| <b>Income tax expense reported</b>   | <b>61.68</b>         | <b>140.86</b>   |
| <b>Effective tax rate (%)</b>  | <b>41.51%</b>        | <b>2.34%</b>    |

There are certain income-tax related legal proceedings which are pending against the Group. Potential liabilities, if any have been adequately provided for or disclosed as contingent, as appropriate.

## Notes to Consolidated Financial Statement for the year ended March 31, 2023 (Contd.)

### C Significant components of Deferred tax assets & liabilities recognized in Consolidated Financial Statements As at March 31, 2023

| Rs. In Crores  |                     |   |                             |                      |
|--|---------------------|---|-----------------------------|----------------------|
| Particulars  | As at April 1, 2022 | Charged / (credited) to Statement of income | Charged / (credited) to OCI | As at March 31, 2023 |
| <b>Tax effect of item constituting Deferred Tax Liabilities</b>  |                     |   |                             |                      |
| i) Depreciation  | 127.62              | 27.36                                       | -                           | 100.26               |
|  | <u>127.62</u>       | <u>27.36</u>                                | <u>-</u>                    | <u>100.26</u>        |
| <b>Tax effect of item constituting Deferred Tax Assets</b>   |                     |   |                             |                      |
| i) Accumulated Tax losses  | -                   | -   | -                           | -                    |
| ii) Unabsorbed Tax Depreciation  | -                   | -   | -                           | -                    |
| iii) Provision for Impairment in Value of Project - Capital work in progress                                       | 75.68               | (39.30)                                     | -                           | 36.38                |
| iv) Deduction eligible in future period in respect of expenses already debited to the Statement of Profit and Loss | 8.42                | 8.16  | -                           | 16.58                |
| v) Deferred Tax Liabilities on remeasurement gain/ (loss).   | -                   | -   | (0.83)                      | (0.83)               |
|  | <u>84.10</u>        | <u>(31.14)</u>                              | <u>(0.83)</u>               | <u>52.13</u>         |
| vi) MAT Credit Entitlement   | -                   | -   | -                           | -                    |
|  | <u>84.10</u>        | <u>(31.14)</u>                              | <u>(0.83)</u>               | <u>52.13</u>         |
| <b>Net Deferred Tax Asset / (Liability)</b>  | <u>(43.52)</u>      | <u>(3.78)</u>                               | <u>(0.83)</u>               | <u>(48.13)</u>       |

### As at March 31, 2022

| Rs. In Crores  |                     |   |                             |                      |
|--|---------------------|---|-----------------------------|----------------------|
| Particulars  | As at April 1, 2021 | Charged / (credited) to Statement of income | Charged / (credited) to OCI | As at March 31, 2022 |
| <b>Tax effect of item constituting Deferred Tax Liabilities</b>  |                     |   |                             |                      |
| i) Depreciation  | 248.07              | (120.45)                                    | -                           | 127.62               |
|  | <u>248.07</u>       | <u>(120.45)</u>                             | <u>-</u>                    | <u>127.62</u>        |
| <b>Tax effect of item constituting Deferred Tax Assets</b>   |                     |   |                             |                      |
| i) Accumulated Tax losses  | 149.73              | 149.73                                      | -                           | -                    |
| ii) Unabsorbed Tax Depreciation  | 189.09              | 189.09                                      | -                           | -                    |
| iii) Provision for impairment in the Value of Investment in Subsidiaries   | 20.40               | (55.28)                                     | -                           | 75.68                |
| iv) Deduction eligible in future period in respect of expenses already debited to the Statement of Profit and Loss | 517.06              | 508.64                                      | -                           | 8.42                 |
| v) Deferred tax assets restricted to the extent of deferred tax liabilities as on March 31, 2021                   | (628.21)            | (628.21)                                    | -                           | -                    |
|  | <u>248.07</u>       | <u>163.97</u>                               | <u>-</u>                    | <u>84.10</u>         |
| vi) MAT Credit Entitlement   | 82.05               | 82.05                                       | -                           | -                    |
|  | <u>330.12</u>       | <u>246.02</u>                               | <u>-</u>                    | <u>84.10</u>         |
| <b>Net Deferred Tax Asset/ (Liability)</b>   | <u>82.05</u>        | <u>125.57</u>                               | <u>-</u>                    | <u>(43.52)</u>       |

## Notes to Consolidated Financial Statement for the year ended March 31, 2023 (Contd.)

The Group has unused tax losses under the head Business Loss and unabsorbed depreciation as per the Income Tax Act, 1961 of subsidiary Companies. Based on the probable uncertainty regarding the set off of these losses, the said subsidiary Companies have not recognized deferred tax assets in their respective Balance Sheet. Details of tax losses under the head business losses and unabsorbed depreciation with expiry is as follows:

| Rs. In Crores           |                         |                         |
|-------------------------|-------------------------|-------------------------|
| Particulars             | As at<br>March 31, 2023 | As at<br>March 31, 2022 |
| Within five years       | 1.72                    | 2.20                    |
| Greater than five years | 1.39                    | 1.34                    |
| No expiry               | 8.38                    | 7.95                    |
| <b>Total</b>            | <b>11.49</b>            | <b>11.49</b>            |

### 3.11 Disclosure as required by Ind AS - 19 Employee Benefits

Retirement benefit obligations

#### 1 Defined Contribution plan

Parent Company

The Company has recognized the following amounts as an expense and included under the head “Employee Benefits Expense” – Contribution to Provident and other Fund :

| Rs. In Crores |   |             |              |
|---------------|---|-------------|--------------|
| Sr No.        | Particulars   | 2022-23     | 2021-22      |
| a)            | Employer's Contribution to Provident Fund and Employee Pension Scheme | 6.81        | 8.51         |
| b)            | Employer's Contribution to Superannuation Fund                        | 0.60        | 5.22         |
| c)            | Employer's Contribution to Employee State Insurance Corporation       | 0.17        | 0.13         |
|               | <b>Total</b>  | <b>7.58</b> | <b>13.86</b> |

In respect of provident fund trust setup by the Company, there is no deficit of interest shortfall with regards to future obligation arising due to interest shortfall .

#### Subsidiary Companies : Structo Hydraulics AB

The Company has recognized the following amounts as an expense and included under the head “Employee Benefits Expense” – Contribution to Provident and other Fund :

| Rs. In Crores                |             |             |
|------------------------------|-------------|-------------|
| Particulars                  | 2022-23     | 2021-22     |
| Social Security Contribution | 2.23        | 2.99        |
| <b>Total</b>                 | <b>2.23</b> | <b>2.99</b> |

#### 2 Defined benefit plan

##### Parent Company - Gratuity and Leave Encashment

Gratuity is payable to all eligible employees of the company on retirement, death, permanent disablement and resignation in terms of the provision of the Payment of Gratuity Act, 1972. The benefits would be paid at the time of separation.

The following tables summaries the changes in the projected benefit obligation and plan assets and amounts recognised in the Balance Sheet as at March 31, 2023 and March 31, 2022, being the respective measurement dates:

| Rs. In Crores |   |                   |              |                   |              |
|---------------|---|-------------------|--------------|-------------------|--------------|
| Sr No.        | Particulars   | Gratuity (Funded) |              | Leave Encashment* |              |
|               |   | 2022-23           | 2021-22      | 2022-23           | 2021-22      |
| a)            | <b>Changes in present value of defined benefit obligations</b>            |                   |              |                   |              |
|               | Present value of defined benefit obligation at the beginning of the Year  | 49.23             | 41.06        | 10.87             | 9.03         |
|               | Current Service Cost  | 2.11              | 1.82         | 0.72              | 0.66         |
|               | Interest Cost   | 3.29              | 2.69         | 0.71              | 0.60         |
|               | Actuarial changes arising from change in financial assumptions            | (0.70)            | (0.76)       | (0.18)            | (0.18)       |
|               | Actuarial changes arising from change in experience adjustments           | 0.38              | 8.47         | 0.37              | 1.35         |
|               | Benefits paid   | (6.91)            | (4.05)       | (2.16)            | (0.59)       |
|               | <b>Present value of defined benefit obligation at the end of the Year</b> | <b>47.40</b>      | <b>49.23</b> | <b>10.33</b>      | <b>10.87</b> |

**Notes to Consolidated Financial Statement for the year ended March 31, 2023 (Contd.)**

| Sr No. | Particulars  | Gratuity (Funded) |              | Leave Encashment* |             |
|--------|--|-------------------|--------------|-------------------|-------------|
|        |  | 2022-23           | 2021-22      | 2022-23           | 2021-22     |
| b)     | <b>Changes in fair value of Plan Assets:</b>   |                   |              |                   |             |
|        | Fair value of Plan Assets as at beginning of the Year  | 44.30             | 41.57        | 1.56              | -           |
|        | Interest Income  | 3.03              | 2.75         | 0.11              | 0.05        |
|        | Return on plan assets excluding interest income  | 2.99              | (0.12)       | (0.01)            | -           |
|        | Employer Contribution  | 5.93              | 4.15         | 0.05              | 1.51        |
|        | Benefits paid  | (6.90)            | (4.05)       | (0.01)            | -           |
|        | <b>Fair value of plan Assets as at end of the Year</b>                                       | <b>49.35</b>      | <b>44.30</b> | <b>1.70</b>       | <b>1.56</b> |
| c)     | <b>Net asset / (liability) recognised in the balance sheet</b>                               |                   |              |                   |             |
|        | Present value of defined benefit obligation at the end of the Year                           | 47.40             | 49.23        | 10.33             | 10.87       |
|        | Fair value of plan Assets as at end of the Year  | 49.35             | 44.30        | 1.70              | 1.56        |
|        | Amount recognised in the Balance Sheet   | 1.95              | (4.93)       | (8.63)            | (9.31)      |
|        | Net (liability) / assets - Current   | 1.95              | (4.93)       | (1.89)            | (2.81)      |
|        | Net (liability) / assets - Non - current   | -                 | -            | (6.74)            | (6.50)      |
| d)     | <b>Expenses recognised in the Statement of Profit and Loss for the year</b>                  |                   |              |                   |             |
|        | Current Service Cost   | 2.11              | 1.82         | 0.72              | 0.66        |
|        | Interest Cost on benefit obligation (net)  | 0.14              | (0.18)       | 0.59              | 0.55        |
|        | Actuarial (gain)/ Loss   | -                 | -            | 0.20              | 1.16        |
|        | <b>Total expenses included in employee benefits expenses</b>                                 | <b>2.25</b>       | <b>1.64</b>  | <b>1.51</b>       | <b>2.37</b> |
| e)     | <b>Recognised in other comprehensive income for the year</b>                                 |                   |              |                   |             |
|        | Actuarial changes arising from change in financial assumptions                               | (0.70)            | (0.76)       | -                 | -           |
|        | Actuarial changes arising from change in experience adjustments                              | 0.38              | 8.47         | -                 | -           |
|        | Return on plan assets excluding interest income  | (2.99)            | 0.12         | -                 | -           |
|        | <b>Recognised in other comprehensive income</b>  | <b>(3.31)</b>     | <b>7.83</b>  | <b>-</b>          | <b>-</b>    |
| f)     | <b>Estimate of expected defined benefit obligation (in absolute terms) i.e undiscounted)</b> |                   |              |                   |             |
|        | within the next 12 months  | 9.37              | 10.88        | 1.89              | 2.81        |
|        | Between 2 to 5 Years   | 27.55             | 24.75        | 4.94              | 4.22        |
|        | 6 years and onwards  | 33.13             | 35.11        | 5.63              | 5.43        |
| g)     | <b>Quantitative sensitivity analysis for significant assumption</b>                          |                   |              |                   |             |
|        | 1% increase in discount rate   | 45.21             | 46.86        | 9.78              | 10.30       |
|        | 1% decrease in discount rate   | 49.81             | 51.85        | 10.95             | 11.51       |
|        | 1% increase in salary growth rate  | 49.44             | 51.47        | 10.87             | 11.43       |
|        | 1% decrease in salary growth rate  | 45.51             | 47.16        | 9.84              | 10.36       |
|        | 1% increase in employee withdrawal rate  | 47.77             | 49.53        | -                 | -           |
|        | 1% decrease in employee withdrawal rate  | 47.02             | 48.91        | -                 | -           |

The above sensitivity analysis is based on a change in an assumption while holding the 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 within the balance sheet.

**Notes to Consolidated Financial Statement for the year ended March 31, 2023 (Contd.)**

| Sr No.    | Particulars  | Gratuity (Funded)# |                | Leave Encashment* |                |
|-----------|--|--------------------|----------------|-------------------|----------------|
|           |  | 2022-23            | 2021-22        | 2022-23           | 2021-22        |
| <b>h)</b> | <b>Percentage of each Category of Plan Assets to total Fair Value of Plan Assets as at end of the Year</b> |                    |                |                   |                |
|           | Government of India Securities   | 0.57%              | 1.35%          | 0.00%             | 0.00%          |
|           | Corporate Bonds  | 0.00%              | 0.06%          | 0.00%             | 0.00%          |
|           | Special Deposit Scheme   | 0.16%              | 0.17%          | 0.00%             | 0.00%          |
|           | Insurer Managed Funds  | 99.19%             | 98.38%         | 100.00%           | 100.00%        |
|           | Others   | 0.08%              | 0.04%          | 0.00%             | 0.00%          |
|           | <b>Total</b>   | <b>100.00%</b>     | <b>100.00%</b> | <b>100.00%</b>    | <b>100.00%</b> |
| <b>i)</b> | <b>Principal Actuarial Assumptions used as at the Balance Sheet date :</b>                                 |                    |                |                   |                |
|           | Discount Rate  | 7.50%              | 7.20%          | 7.50%             | 7.20%          |
|           | Expected Rate of Return on Plan Assets   | 7.20%              | 6.90%          | 7.20%             | 6.90%          |
|           | Salary Escalation Rate   | 4.00%              | 4.00%          | 4.00%             | 4.00%          |
| <b>j)</b> | <b>Expected Contribution for the next year</b>   | <b>5.93</b>        | <b>4.15</b>    | <b>0.05</b>       | <b>2.81</b>    |

\* Leave encashment partially funded

# Information provided above is based on management inputs

The assumption of future salary increase takes into account the inflation, seniority, promotion and other relevant factors such as supply and demand in employment market. The above information is certified by the Actuary.

**Defined benefit plan - Tridem Port and Power Company Private Limited - Gratuity and Leave Encashment**

Gratuity is payable to all eligible employees of the company on retirement, death, permanent disablement and resignation in terms of the provision of the Payment of Gratuity Act, 1972. The benefits would be paid at the time of separation. The subsidiary company has not made additional provision on account of gratuity as it is insignificant

The following tables summaries the changes in the projected benefit obligation and amounts recognised in the Ind AS Balance Sheet as at March 31, 2023 and March 31, 2022, being the respective measurement dates:

**Rs. In Crores**

| Sr No.    | Particulars  | Gratuity (Non-Funded) |         |
|-----------|--|-----------------------|---------|
|           |  | 2022-23               | 2021-22 |
| <b>a)</b> | <b>Changes in present value of defined benefit obligations</b>           |                       |         |
|           | Present value of defined benefit obligation at the beginning of the Year | 0.03                  | 0.03    |
|           | Current Service Cost   | 0.00                  | 0.00    |
|           | Interest Cost  | 0.00                  | 0.00    |
|           | Actuarial changes arising from change in financial assumptions           | 0.00                  | 0.00    |
|           | Actuarial changes arising from change in experience adjustments          | 0.00                  | 0.00    |
|           | Present value of defined benefit obligation at the end of the Year       | 0.03                  | 0.03    |

**Rs. In Crores**

| Sr No.    | Particulars  | Gratuity (Non-Funded) |             | Leave Encashment (Non Funded) |             |
|-----------|--|-----------------------|-------------|-------------------------------|-------------|
|           |  | 2022-23               | 2021-22     | 2022-23                       | 2021-22     |
| <b>b)</b> | <b>Net asset / (liability) recognised in the balance sheet</b>     |                       |             |                               |             |
|           | Present value of defined benefit obligation at the end of the Year | 0.03                  | 0.03        | 0.01                          | 0.01        |
|           | Fair value of plan Assets as at end of the Year                    | -                     | -           | -                             | -           |
|           | <b>Amount recognised in the Balance Sheet</b>                      | <b>0.03</b>           | <b>0.03</b> | <b>0.01</b>                   | <b>0.01</b> |
|           | Net (liability) / assets - Current                                 | 0.03                  | 0.02        | 0.01                          | 0.01        |
|           | Net (liability) / assets - Non - current                           | 0.00                  | 0.01        | 0.00                          | 0.00        |



## Notes to Consolidated Financial Statement for the year ended March 31, 2023 (Contd.)

| Sr No. | Particulars   | Gratuity (Non-Funded) |              | Leave Encashment (Non Funded) |          |
|--------|---|-----------------------|--------------|-------------------------------|----------|
|        |   | 2022-23               | 2021-22      | 2022-23                       | 2021-22  |
| c)     | <b>Expenses recognised in the Statement of Profit and Loss for the year</b> |                       |              |                               |          |
|        | Current Service Cost  | 0.000                 | 0.001        | -                             | -        |
|        | Interest Cost on benefit obligation (net)                                   | 0.000                 | 0.002        | -                             | -        |
|        | Actuarial (gain)/ Loss  | 0.000                 | 0.000        | -                             | -        |
|        | <b>Total expenses included in employee benefits expenses</b>                | <b>0.000</b>          | <b>0.003</b> | <b>-</b>                      | <b>-</b> |

Rs. In Crores

| Sr No. | Particulars  | Gratuity (Non-Funded) |         |
|--------|--|-----------------------|---------|
|        |  | 2022-23               | 2021-22 |
| d)     | <b>Recognised in other comprehensive income for the year</b>                                 |                       |         |
|        | Actuarial changes arising from change in financial assumptions                               | 0.00                  | 0.00    |
|        | Actuarial changes arising from change in experience adjustments                              | 0.00                  | 0.00    |
|        | Recognised in other comprehensive income   | 0.00                  | 0.00    |
| e)     | <b>Estimate of expected defined benefit obligation (in absolute terms i.e. undiscounted)</b> |                       |         |
|        | within the next 12 months  | 0.03                  | 0.03    |
|        | Between 2 to 5 Years   | 0.00                  | 0.00    |
|        | 6 years and onwards  | 0.00                  | 0.00    |
| f)     | <b>Quantitative sensitivity analysis for significant assumption</b>                          |                       |         |
|        | 1 % increase in discount rate  | 0.03                  | 0.03    |
|        | 1% decrease in discount rate   | 0.03                  | 0.03    |
|        | 1% increase in salary growth rate  | 0.03                  | 0.03    |
|        | 1% decrease in salary growth rate  | 0.03                  | 0.03    |
|        | 1% increase in employee withdrawal rate  | 0.03                  | 0.03    |
|        | 1% decrease in employee withdrawal rate  | 0.03                  | 0.03    |

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 within the balance sheet.

| Sr No. | Particulars  | Gratuity (Non-Funded) |         | Leave Encashment (Non Funded) |         |
|--------|--|-----------------------|---------|-------------------------------|---------|
|        |  | 2022-23               | 2021-22 | 2022-23                       | 2021-22 |
| g)     | <b>Principal Actuarial Assumptions used as at the Balance Sheet date :</b> |                       |         |                               |         |
|        | Discount Rate  | 0.00%                 | 7.20%   | 0.00%                         | 7.20%   |
|        | Expected withdrawal Rate   | 0.00%                 | 6.90%   | 0.00%                         | 6.90%   |
|        | Salary Escalation Rate   | 0.00%                 | 4.00%   | 0.00%                         | 4.00%   |

# Information provided above is based on management inputs.

The assumption of future salary increase takes into account the inflation, seniority, promotion and other relevant factors such as supply and demand in employment market. The above information is certified by the Actuary.

**Notes to Consolidated Financial Statement for the year ended March 31, 2023 (Contd.)****3.12 Earnings per share**

Net profit available to equity holders of the Group used in the basic and diluted earnings per share was determined as follows:

| Particulars   | 2022-23      | 2021-22      |
|---|--------------|--------------|
| Profit/(Loss) attributable to : Equity Shareholders of Parent : (Rs. In Crores) | 87.73        | 2,374.21     |
| Weighted Average Number of Equity Shares outstanding for basic and diluted      | 30,05,01,383 | 15,57,83,575 |
| Face Value of Equity Share (in Rs.)   | 5.00         | 5.00         |
| Earnings Per Share (in Rs.) (Basic and Diluted)                                 | 2.92         | 152.40       |

**3.13 Miscellaneous Income includes:****Rs. In Crores**

| Particulars  | 2022-23     | 2021-22      |
|--|-------------|--------------|
| <b>Parent Company</b>  |             |              |
| i) Provision for Expenses / payables no longer required written back | 1.43        | 12.69        |
| ii) Bad Debts recovered  | 2.50        | 0.04         |
| <b>Subsidiary Company : Structo Hydraulics AB</b>                    |             |              |
| i) Government Grant received   | 0.08        | 0.81         |
| ii) Insurance Grant received   | 0.26        | 2.24         |
| <b>Others</b>  | 0.49        | 1.28         |
| <b>Total</b>   | <b>4.76</b> | <b>17.06</b> |

**3.14 Miscellaneous Expenses includes:****Rs. In Crores**

| Particulars  | 2022-23      | 2021-22      |
|--|--------------|--------------|
| i) Repair and Maintenance - Other                  | 0.11         | 0.03         |
| ii) Director Sitting Fees                          | 0.44         | 0.58         |
| iii) Auditors Remuneration                         |              |              |
| a) Statutory Audit Fees (Including Limited Review) | 0.47         | 0.46         |
| b) Out of Pocket Expenses                          | 0.01         | 0.08         |
| c) Cost Auditor Fees                               | 0.06         | 0.06         |
| d) Others  | 0.01         | 0.01         |
| iv) Provision for Loss Allowance                   | 23.71        | 1.87         |
| v) Provision for Pending Legal Cases-Others        | -            | 1.09         |
| vi) CSR Expenses                                   | 11.57        | -            |
| vii) Financial Restructuring Expenses              | -            | 15.95        |
| viii) Claims receivable written off                | -            | 11.07        |
| ix) Others   | 21.10        | 11.88        |
| <b>Total</b>                                       | <b>57.48</b> | <b>43.08</b> |

**3.15 Exceptional Items :****Rs. In Crores**

| Particulars   | Refer Note No | 2022-23     | 2021-22           |
|---|---------------|-------------|-------------------|
| i) Impairment of Goodwill on Consolidation                        | 3.16          | 6.43        | 31.24             |
| ii) Provision for Impairment of Capital Work in Progress          | 3.17          | -           | 29.89             |
| iii) Write back of outstanding principal debt and unpaid interest | 3.19          | -           | (2,775.96)        |
| iv) Government Dues Receivable Written off                        | 3.18 (i)      | -           | 39.53             |
| v) Provision for Impairment in value of CPP Plant                 | 3.18 (ii)     | -           | 163.92            |
| <b>Total</b>  |               | <b>6.43</b> | <b>(2,511.38)</b> |

## Notes to Consolidated Financial Statement for the year ended March 31, 2023 (Contd.)

**3.16** The Parent Company is continuing its investments in subsidiaries viz. Tridem Port and Power Company Private Limited (TPPCPL) alongwith its subsidiaries and Indian Seamless Inc., USA and had recognized Goodwill on Consolidation of Rs 6.43 Crores on acquisition in the consolidated financial statements. TPPCPL is been incurring losses and its net worth is also eroded. The Parent Company has made provision for impairment on investment in TPPCPL on the basis of report of the independent valuer in standalone financial statement. Further, consequent upon the change in management, the parent company has initiated review of all the overseas subsidiaries including Indian Seamless Inc., USA. Eventually, considering the principles laid down in Ind AS 36, the group has impaired carrying value of Goodwill on consolidation in its consolidated Financial Statement for as at March 31, 2023. (PY Rs. 31.24 Crores)

**3.17** Tridem Port and Power Company Private Limited (TPPCL), a wholly owned subsidiary of the Parent Company, along with its subsidiaries had proposed to set up a thermal power project and captive port in Tamil Nadu. TPPCL had obtained the approvals for the projects including acquisition of land but no construction activity had commenced. However, on account of subsequent adverse developments, the TPPCL could not pursue these projects. Government is giving considerable focus to infrastructure by both higher budgetary allocation and various other initiatives. This is expected to create multiple opportunities leading to positive impact on projects like TPPCL. Consequent upon change in management, considering the above, the Parent Company is evaluating the future potential and opportunities for TPPCL.

Considering inter alia present status of the project, prevailing power sector scenario, long lasting impact of Covid pandemic on the project and recoverable amount as per the project valuation report, the Parent Company after considering the impairment provision made in previous financial year, have made additional provision for impairment of Rs.29.89 Crores of the carrying value of TPPCL Project for the year ended March 31, 2022 as per Ind AS 36 "Impairment of Assets" and disclosed under the head "Exceptional Items" in the consolidated financial statements.

### 3.18 Parent Company

i) The Parent Company had entered into Energy Banking Agreement dated May 07, 2010 with MSEDCL for a period of one year with provision for annual renewals. MSEDCL did not, however, actually permit Banking of energy once the plant was commissioned resulting in significantly higher cost to the Parent Company. The same was challenged by the Parent Company before Maharashtra Electricity Regulatory Commission (MERC) which vide its Interim Order dated June 20, 2014 had allowed Banking. MERC finally disallowed Parent Company's petition regarding banking of energy facility under Energy Banking Agreement (EBA) vide its orders dated June 20, 2014 and January 12, 2015. The Parent Company filed an appeal before the Appellate Tribunal for Electricity (APTEL) against the said order which was not allowed by the APTEL vide its order dated April 1, 2016. The Parent Company's appeal, challenging the APTEL order is pending before the Honorable Supreme Court. The Parent Company had accrued EBA benefit aggregating to Rs. 49.97 Crores up to March 31, 2014, of which amount outstanding as on March 31, 2022 is Rs. 39.53 Crores, representing excess energy charges paid to Maharashtra State Electricity Distribution Company Limited (MSEDCL) on account of non-availability of banking of energy facility. There has been no further accrual since April 1, 2014 on account of suspension of operation of power plant.

The Parent Company has strong case for breach of contract. Consequent upon change in management, considering uncertainties and inordinate delays, The Parent Company has decided to write off the recoverable dues of Rs. 39.53 Crores while continuing to pursue the case on merits and disclosed the said write-off amount under the head "Exceptional Items" in the consolidated financial statements for the year ended March 31, 2022.

ii) Consequent upon change in Management, the Parent Company was evaluating afresh all the available options for Captive Power project (CPP) either operating the plant or closing it down as a whole or otherwise maximizing value. The Parent Company continued to take adequate steps for preserving the value of the plant including pursuing for wrongful denial of the Banking at the Supreme Court. There was, however, an increasing focus on clean and renewable energy being environment friendly. There had also been a surge in commodity prices including coal and the recent geo political developments have added further uncertainty to both availability and pricing of coal. Considering these major developments and the fact that the plant has not been operated for over eight years and unstable CPP policies, the Parent Company had valued the CPP on conservative basis, notwithstanding the upside potential of positive Supreme Court outcome or the surging demand for power, after considering the valuation report of the Independent Valuer provided for impairment of Rs. 163.92 Crores to the carrying amount of CPP for the year ended March 31, 2022 as per Ind AS 36 "Impairment of Assets" and disclosed the same under the head "Exceptional Items" in the Statement of Profit and Loss of previous year. The management after considering all available options classified these assets as held for sales during current financial year and effectively sold the captive power plant in the current year on Slump Sale basis at a consideration of Rs 65.71 Crores as on 28th February 2023, resulting in profit on sale of assets of Rs 6.45 crores.

**Notes to Consolidated Financial Statement for the year ended March 31, 2023 (Contd.)**

- 3.19 a)** In view of the rapidly growing economy, the Parent Company had planned expansion in capacities and also envisaged setting up of Captive Power Plant. However, number of subsequent developments viz economic slow-down leading to steep fall in demand, dumping of tubes by China, regulatory changes and other adverse developments severely impacted the Parent Company. Thus the assets created by company were highly under utilized resulting in inability to service the debt. The Parent Company had since been working with lenders for resolution of debt in terms of RBI scheme prevailing from time to time.

The Banks had pursued various schemes for Debt Resolution – the Banks initially contemplated restructuring which was approved by JLM but could not be concluded at banks end. The Banks then opted for OSDR and despite successful conclusion of OSDR resulting in identification of the investor, the OSDR could not be implemented due to RBI Circular dated February 12, 2018 scrapping all their schemes for stressed assets. The Banks then agreed to take up assignment of debt as Resolution Plan in terms of the aforesaid circular, pursuant to which bulk of Bank Debt was assigned to Asset Restructuring Companies (ARCs). The majority of lenders of the company had also signed Inter Credit Agreement as per RBI guidelines for restructuring of debt. However, restructuring and assignment of further debt could not be concluded due to covid pandemic.

After considering restructuring of debt subsequent to covid pandemic, the lenders opted for One Time Settlement (OTS) of entire outstanding debt for Rs 670 Crores along with change in management. After due process the lenders approved OTS along with change in management by Kirloskar Ferrous Industries Ltd (KFIL) acquiring majority stake in the Company. After requisite approvals, the lenders executed the OTS agreement on January 31, 2022.

- (b)** In order to fund the OTS, the Board of Directors of the Parent Company proposed to make preferential allotment of 15.40 Crores equity shares at a price of Rs 30.95 per equity share (equivalent to 51.25% of the post issue equity share capital of the Parent Company) to KFIL, for a total consideration of Rs 476.63 Crores, which was duly approved by shareholders of the Parent Company at the Extra Ordinary General Meeting held on December 22, 2021. After obtaining various regulatory approvals, KFIL invested Rs.476.63 Crores towards preferential allotment of 15.40 Crores equity shares at Rs 30.95 per equity share and also extended unsecured loan of Rs 194 Crores. The proceeds of the Preferential Allotment together with unsecured loan from KFIL of Rs 194 Crores were utilized as per terms of Agreements towards payment of OTS amount.

Accordingly, during the FY 2021-22 the Parent Company has written back outstanding principal debt and unpaid interest due to lenders amounting to Rs 2,775.96 Crores and disclosed the said write-back amounts under the head “Exceptional Items” in the Statement of Profit and Loss for the year ended March 31, 2022.

- 3.20** Interest income includes interest received from Banks of Rs. 1.85 Crores (Previous year Rs. 1.37 Crores).

**3.21 Financial risk management**

The Group’s principal financial liabilities, other than derivatives, comprise borrowings, trade and other payables and other financial liabilities. The main purpose of these financial liabilities is to finance and support the Group’s operations. The Group’s principal financial assets include investments, loans, trade and other receivables, cash and short-term deposits and other financial assets that have been derived directly from its operations. The Group also enters into derivative transactions.

**Risk management framework**

Board of directors of parent company has overall responsibility for establishment of Company’s risk management framework and formed Risk Management Committee. Management is responsible for developing and monitoring Company’s risk management policies, under the guidance of Risk Management Committee. Management identifies, evaluate and analyses the risks to which the company is exposed to and set appropriate risk limits and controls to monitor risks and adherence to limits. Management periodically reviews its risk policy and systems to assess need for changes in the policies to adapt to the changes in market conditions and align the same to the business of the Group.

**a) Credit risk**

Credit risk is the risk of financial loss arising from counterparty failure to repay or service debt according to the contractual terms or obligations. Credit risk encompasses both the direct risk of default and the risk of deterioration of creditworthiness.

Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks, financial institutions, foreign exchange transactions and other financial instruments.

Credit risk from Trade receivables is managed as per the Group’s established policy, procedures and control relating to customer credit risk management. Credit limits are established for all customers based on internal criteria reviewed and monitored from time to time. Majority of the customers are long standing customers and regularly monitored by individual business managers who deal with those customers. Management monitors trade receivables on regular basis and take suitable action where needed to control the receivables crossing set criteria / limits.

Management does an impairment analysis at each reporting date as per set procedure and computes credit loss allowance based on a provision matrix. Further, the Group’s customers base is widely distributed both economically as well as geographically and in view of the same, the quantum risk also gets spread across wide base and hence management considers risk with respect to trade receivable as low. There is no single customer have more than 10% outstanding trade receivables.

## Notes to Consolidated Financial Statement for the year ended March 31, 2023 (Contd.)

Expected credit loss for trade receivables under simplified approach as at the end of each reporting period is as follows:

| Particulars   | Rs. In Crores           |                         |
|---|-------------------------|-------------------------|
|   | As at<br>March 31, 2023 | As at<br>March 31, 2022 |
| Gross Carrying Amount   | 348.67                  | 302.75                  |
| Less: Expected credit loss at simplified approach               | 40.34                   | 16.66                   |
| <b>Carrying amount of trade receivables (Net of impairment)</b> | <b>308.33</b>           | <b>286.09</b>           |

### b) Liquidity risk.

The Group manages the liquidity risk by maintaining adequate funds in cash and cash equivalents. Working capital requirements are adequately addressed by internally generated funds. Trade receivables are kept within manageable levels. Group aims to maintain the level of its cash and cash equivalents at levels to meet its expected cash outflows on operational and financial liabilities.

The table below provides details regarding the remaining contractual maturities of financial liabilities at the reporting date based on contractual undiscounted payments

| Particulars                             | Rs. In Crores |              |                     |                 |                      |               |
|---|---------------|--------------|---------------------|-----------------|----------------------|---------------|
|   | Not Due       | ON<br>Demand | Less than<br>1 year | 1 to 5<br>years | More than<br>5 years | Total         |
| <b><u>March 31, 2023</u></b>            |               |              |                     |                 |                      |               |
| Borrowings                              | -             | -            | 76.89               | -               | -                    | 76.89         |
| Trade and other payables                | 86.01         | 0.01         | 121.10              | -               | -                    | 207.12        |
| Lease Liabilities                       | -             | -            | 1.67                | 5.69            | -                    | 7.36          |
| Other financial liabilities             | -             | -            | 43.03               | -               | -                    | 43.03         |
| Other Non Current financial liabilities | -             | -            | -                   | -               | -                    | -             |
| <b>Total</b>                            | <b>86.01</b>  | <b>0.01</b>  | <b>242.69</b>       | <b>5.69</b>     | <b>-</b>             | <b>334.40</b> |
| <b><u>March 31, 2022</u></b>            |               |              |                     |                 |                      |               |
| Borrowings                              | -             | -            | 205.76              | -               | -                    | 205.76        |
| Trade and other payables                | 64.19         | 10.36        | 139.88              | -               | -                    | 214.43        |
| Lease Liabilities                       | -             | -            | 0.70                | 2.91            | -                    | 3.61          |
| Other financial liabilities             | -             | -            | 32.25               | -               | -                    | 32.25         |
| Other Non Current financial liabilities | -             | -            | -                   | -               | -                    | -             |
| <b>Total</b>                            | <b>64.19</b>  | <b>10.36</b> | <b>378.59</b>       | <b>2.91</b>     | <b>-</b>             | <b>456.05</b> |

This section sets out an analysis of net debt and the movements in net debt for the year ended 31 March 2023

| Particulars               | Rs. In Crores           |                         |
|---------------------------|-------------------------|-------------------------|
|                           | As at<br>March 31, 2023 | As at<br>March 31, 2022 |
| Cash and cash equivalents | 27.30                   | 52.43                   |
| Current borrowings        | (76.89)                 | (205.76)                |
| Non-current borrowings    | -                       | -                       |
| <b>Net Debt</b>           | <b>(49.59)</b>          | <b>(153.33)</b>         |

| Particulars                         | Rs. In Crores                   |                       |                           |                   |
|-------------------------------------|---------------------------------|-----------------------|---------------------------|-------------------|
|                                     | Cash<br>and cash<br>equivalents | Current<br>borrowings | Non Current<br>borrowings | Total             |
| <b>Net debt as on 1 April 2022</b>  | <b>52.43</b>                    | <b>(205.76)</b>       | <b>-</b>                  | <b>(153.33)</b>   |
| Cash flows                          | (25.13)                         | 128.87                | -                         | 103.74            |
| <b>Net debt as on 31 March 2023</b> | <b>27.30</b>                    | <b>(76.89)</b>        | <b>-</b>                  | <b>(49.59)</b>    |
| <b>Net debt as on 1 April 2021</b>  | <b>32.79</b>                    | <b>(2,026.87)</b>     | <b>(65.68)</b>            | <b>(2,059.76)</b> |
| Cash flows                          | 19.64                           | 1,821.11              | 65.68                     | 1,906.43          |
| <b>Net debt as on 31 March 2022</b> | <b>52.43</b>                    | <b>(205.76)</b>       | <b>-</b>                  | <b>(153.33)</b>   |

**Notes to Consolidated Financial Statement for the year ended March 31, 2023 (Contd.)****c) Competition and pricing risk**

The Group faces competition from local and foreign competitors. Nevertheless, it believes that it has competitive advantage in terms of high quality products and by continuously upgrading its expertise and range of products to meet the needs of its customers.

**d) Market risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises following types of risks :

**i. Interest rate risk**

Depending upon the business requirements, the Group's exposure to the risk of changes in market interest rates relates primarily to the debt obligations. The Group has not used any interest rate derivatives.

The Parent Company has fixed interest rate borrowing in form of Buyers Credit as at March 31, 2023 of Rs. 68.90 Crores and one of the subsidiary companies has loan from financial institution as at March 31, 2023 of Rs 2.24 Crores, hence the group does not foresee any interest rate risk.

**ii. Foreign Currency Risk and Sensitivity**

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

Primarily, the exposure in foreign currencies is denominated in USD, EURO. At any point in time, Group covers foreign currency risk by taking appropriate measures. The Group does not enter into derivative instruments.

**Details of total exposure (Hedged & Unhedged) in foreign currency denominated monetary items:**

| Currency                    | As at<br>March 31, 2023           |                 | As at<br>March 31, 2022           |                 |
|-----------------------------|-----------------------------------|-----------------|-----------------------------------|-----------------|
|                             | Foreign<br>Currency<br>in Million | Rs in<br>Crores | Foreign<br>Currency<br>in Million | Rs in<br>Crores |
| <b>Parent Company</b>       |                                   |                 |                                   |                 |
| <b>Secured Loans</b>        |                                   |                 |                                   |                 |
| US Dollars                  | 8.39                              | 68.90           | -                                 | -               |
| <b>Receivables</b>          |                                   |                 |                                   |                 |
| US Dollars                  | 0.55                              | 4.56            | 5.01                              | 3.80            |
| EURO                        | 2.75                              | 24.55           | 3.49                              | 29.37           |
| Australian Dollar           | -                                 | -               | 0.001                             | 0.01            |
| GBP                         | -                                 | -               | 0.03                              | 0.24            |
| <b>Payables</b>             |                                   |                 |                                   |                 |
| US Dollars                  | 2.93                              | 24.15           | 2.25                              | 17.11           |
| EURO                        | 0.09                              | 0.76            | 0.10                              | 0.44            |
| <b>Subsidiary Companies</b> |                                   |                 |                                   |                 |
| <b>Receivables</b>          |                                   |                 |                                   |                 |
| US Dollars                  | -                                 | -               | -                                 | -               |
| EURO                        | -                                 | -               | 1.41                              | 11.84           |
| <b>Payables</b>             |                                   |                 |                                   |                 |
| US Dollars                  | -                                 | -               | 0.01                              | 0.04            |
| EURO                        | -                                 | -               | 3.68                              | 30.37           |

## Notes to Consolidated Financial Statement for the year ended March 31, 2023 (Contd.)

The Group manages its foreign currency risk by entering into forward contracts. As at March 31, 2023 and March 31, 2022, the Group has hedged the following of its foreign currency exposure related to payables:

| Nature of Exposure                        | As at<br>March 31, 2023           |              | As at<br>March 31, 2022           |              |
|---|-----------------------------------|--------------|-----------------------------------|--------------|
|   | Foreign<br>Currency<br>in Million | Rs in Crores | Foreign<br>Currency in<br>Million | Rs in Crores |
| <b>Foreign currency-Forward contracts</b> |                                   |              |                                   |              |
| USD                                       | 2.00                              | 16.42        | -                                 | -            |

The following tables demonstrate the sensitivity to a reasonably possible change in USD and EUR exchange rates, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities. The impact on the Company's pre-tax equity is due to changes in the Company's profit before tax. The Company's exposure to foreign currency changes for all other currencies is not material.

**Rs. In Crores**

| As at                 | Change in<br>Foreign<br>Currency Rate | Effect on<br>profit before<br>tax | Effect on pre<br>tax Equity |
|-----------------------|---------------------------------------|-----------------------------------|-----------------------------|
| <b>March 31, 2023</b> | +5%                                   | (2.41)                            | (2.41)                      |
|                       | -5%                                   | 2.41                              | 2.41                        |
| <b>March 31, 2022</b> | +5%                                   | (0.78)                            | (0.78)                      |
|                       | -5%                                   | 0.78                              | 0.78                        |

The above information is provided for Parent Company only, since there is no foreign currency risk involved for any other entity in the group.

### iii. Commodity price risk

The Group is exposed to the movement in price of key raw materials in domestic and international markets. The Group reviews the prices of key raw materials on periodically and enters into most of the contracts for procurement of material on short term fixed price basis.

## 3.22 Capital Management

For the purpose of the Group's capital management, capital includes issued equity capital and all other equity reserves attributable to the equity holders of the Group. The primary objective of the Group's Capital management is to safeguard continuity, maintain a strong credit rating and healthy capital ratios in order to support its business and provide adequate return to shareholders through continuing growth.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. The funding requirement is met through a mixture of equity, internal accruals, long term borrowings and short term borrowings.

In order to achieve this overall objective, the Group's capital management, amongst other things, aim to ensure that its meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements.



## Notes to Consolidated Financial Statement for the year ended March 31, 2023 (Contd.)

### 3.23 Fair value measurement

A) The carrying value and Fair value of Financial assets and liabilities by categories are as follows :

Rs. In Crores

| Particulars  | Carrying value of the financial assets/ liabilities |                      | Fair value of the financial assets/ liabilities |                      |
|--|---|----------------------|---|----------------------|
|  | As at March 31, 2023                                | As at March 31, 2022 | As at March 31, 2023                            | As at March 31, 2022 |
| <b>Financial Assets at amortised cost (non-current)</b>      |   |                      |   |                      |
| Deposits with Banks (maturity more than 12 months)           | -   | 0.66                 | -   | 0.66                 |
| Security Deposits  | <b>19.30</b>  | 18.08                | <b>19.30</b>                                    | 18.08                |
| <b>Total</b>   | <b>19.30</b>  | 18.74                | <b>19.30</b>                                    | 18.74                |
| <b>Financial Assets at amortised cost (current)</b>          |   |                      |   |                      |
| Trade Receivables  | <b>308.33</b>                                       | 286.09               | <b>308.33</b>                                   | 286.09               |
| Cash and Cash Equivalents                                    | <b>27.30</b>  | 52.43                | <b>27.30</b>                                    | 52.43                |
| Bank Balance other than Cash and Cash Equivalents            | <b>1.48</b>   | 2.18                 | <b>1.48</b>                                     | 2.18                 |
| Loans  | <b>1.18</b>   | 1.00                 | <b>1.18</b>                                     | 1.00                 |
| Other financial Assets                                       | <b>8.56</b>   | 7.22                 | <b>8.56</b>                                     | 7.22                 |
| <b>Total</b>   | <b>346.85</b>                                       | 348.92               | <b>346.85</b>                                   | 348.92               |
| <b>Financial Liabilities at amortised cost (non-current)</b> |   |                      |   |                      |
| Borrowings   | -   | -                    | -   | -                    |
| Lease Liability  | <b>5.69</b>   | 2.91                 | <b>5.69</b>                                     | 2.91                 |
| <b>Total</b>   | <b>5.69</b>   | 2.91                 | <b>5.69</b>                                     | 2.91                 |
| <b>Financial Liabilities at amortised cost (current)</b>     |   |                      |   |                      |
| Borrowings   | <b>76.89</b>  | 205.76               | <b>76.89</b>                                    | 205.76               |
| Lease Liability  | <b>1.67</b>   | 0.70                 | <b>1.67</b>                                     | 0.70                 |
| Trade and other Payables                                     | <b>207.12</b>                                       | 214.43               | <b>207.12</b>                                   | 214.43               |
| Other financial Liabilities                                  | <b>43.03</b>  | 32.25                | <b>43.03</b>                                    | 32.25                |
| <b>Total</b>   | <b>328.71</b>                                       | 453.14               | <b>328.71</b>                                   | 453.14               |

### B) Level wise disclosures of financial assets and liabilities by categories are as follows :

Fair value of cash and cash equivalents, loan and advances, trade receivables, trade payables, other financial assets/liabilities approximate their carrying amounts largely due to the short term maturities of these instruments. Methods and assumptions used to estimate the fair values are consistent with those used for the year ended March 31, 2022

Carrying value of non-current financial assets and liabilities are considered to be same as their fair value due to discounting at rate which are an approximation of incremental borrowing rate.

During the reporting period ended March 31, 2023 and March 31, 2022, there were no transfers between level 1, level 2 and level 3 fair value measurements.

All the financial assets and financial liabilities are measured at amortised cost using level 3 inputs.

### 3.24 Loans or Advances to Specified Persons :

During the year, the Parent Company and its subsidiary Companies incorporated in India has not granted any Loans or Advances in the nature of loans to promoters, directors, KMPs and the related parties (as defined under Companies Act, 2013,) either severally or jointly with any other person.

## Notes to Consolidated Financial Statement for the year ended March 31, 2023 (Contd.)

### 3.25 Relationship with Struck off Companies

The Parent Company has transactions with companies struck off under section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956 and details of the same are as per below :

|        |  |  |   |                      | Amount in Rs.        |
|--------|--|--|---|----------------------|----------------------|
| Sr No. | Name of struck off Company                                 | Nature of transactions with struck off Company | Relationship with the Struck off company, if any, to be disclosed | As at March 31, 2023 | As at March 31, 2022 |
| 1      | Beriwal Finance And Holdings Private Limited               | Shares held by stuck off company               | NA  | (5)                  | (5)                  |
| 2      | Devdoot Investment And Leasing Co Pvt Ltd                  | Shares held by stuck off company               | NA  | (1,000)              | (1,000)              |
| 3      | HMG Financial Services Company Ltd                         | Shares held by stuck off company               | NA  | (5,500)              | (5,500)              |
| 4      | Maskai Financial Consultants Private Limited               | Shares held by stuck off company               | NA  | (500)                | (500)                |
| 5      | N.R.I. Financial Services Limited                          | Shares held by stuck off company               | NA  | (2,165)              | (2,165)              |
| 6      | North Point Properties Private Limited                     | Shares held by stuck off company               | NA  | (775)                | (775)                |
| 7      | PCI Vanijya Pvt Ltd  | Shares held by stuck off company               | NA  | (2,500)              | (2,500)              |
| 8      | Sarvopari Solid Investment Ltd                             | Shares held by stuck off company               | NA  | (9,000)              | (9,000)              |
| 9      | Vighnaharta Investment And Finance Company Private Limited | Shares held by stuck off company               | NA  | (1,500)              | (1,500)              |
| 10     | Alpvij Investments Private Limited                         | Shares held by stuck off company               | NA  | (42,500)             | (42,500)             |
| 11     | Unicon Fincap Pvt. Ltd                                     | Shares held by stuck off company               | NA  | (32,500)             | (32,500)             |
| 12     | Compair International Ltd                                  | Shares held by stuck off company*              | NA  | (21,730)             | (21,730)             |
| 13     | DSM Capital Ltd  | Shares held by stuck off company*              | NA  | (500)                | (500)                |
| 14     | Ideal Leasing Co. Ltd.                                     | Shares held by stuck off company*              | NA  | (50,000)             | (50,000)             |
| 15     | Jubilee Financiers Pvt Ltd                                 | Shares held by stuck off company*              | NA  | (310)                | (310)                |
| 16     | K & A Securities Pvt Ltd.                                  | Shares held by stuck off company*              | NA  | (25,250)             | (25,250)             |
| 17     | Mandvi Coop Bank Ltd                                       | Shares held by stuck off company*              | NA  | (900)                | (900)                |
| 18     | Pushpanjali Leasing & Finance Pvt Ltd                      | Shares held by stuck off company*              | NA  | (500)                | (500)                |
| 19     | Shiva Finalease P Ltd                                      | Shares held by stuck off company*              | NA  | (24,500)             | (24,500)             |
| 20     | Shree Bahubali International Ltd                           | Shares held by stuck off company*              | NA  | (500)                | (500)                |
| 21     | Drientech Engineers Private Limited                        | Advance To Supplier                            | NA  | 2,10,000             | 2,10,000             |
| 22     | Spice Projects Engineering India Private Limited           | Advance To Supplier                            | NA  | 2,96,000             | -                    |

\* Based on name search, we could not find the said entity on MCA portal and no other relevant information is available in the Company database including its CIN. In view of the same and as abundant caution, we have disclosed these entities as Struck off entities.

Negative figures represent credit balances.

**Notes to Consolidated Financial Statement for the year ended March 31, 2023 (Contd.)****3.26 Registration of charges or satisfaction with Registrar of Companies (ROC)****Rs. In Crores**

| Sr. No. | Brief Description of Charge                  | Location of the Registrar | Amount of Charge | Period up to which charge satisfaction to be registered | Reason for delay   |
|---------|--|---------------------------|------------------|---|--|
| 1       | Industrial Development Bank of India Limited | Pune                      | 10               | 04-May-22 <sup>^</sup>                                  | The Company has received NOC from lender and e-form CHG-4 was also digitally signed by the lender. However, due to technical error, the e-form could not be uploaded on MCA website. The Company has submitted application with ROC informing of the said technical error and requesting to update its record with charge satisfaction, in this regard. The same is still under process at the end of the ROC. |

<sup>^</sup> charge satisfaction delay cases**3.27 Ultimate Beneficiary : Utilisation of Borrowed funds and share premium:**

No funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Group to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Group ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

No funds have been received by the Group from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Parent Company shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

**3.28 Corporate Social Responsibility (CSR)**

Parent Company is required to incur expenditure on CSR activities under section 135 (5) of the Companies Act 2013. as below:-

**Rs. In Crores**

| Sr. No. | Amount required to be spent during the year | Actual Expenditure during the year * | Shortfall (if any) during the year | Shortfalls during Previous Year | Reason for Shortfall |
|---------|---|--------------------------------------|------------------------------------|---------------------------------|----------------------|
| 1       | 11.57                                       | 11.57                                | -                                  | -                               | -                    |

**\*Nature of Expense**

The Parent company has contributed funds to implementing agency for ongoing projects of promoting education by way of construction of Hostel, civil and other work. Out of above Rs. 0.34 Crores are spent during the year and the parent company has ensured that the unutilised CSR fund are kept in a separate Bank account as required by section 135 (6) of the Companies Act 2013.

There are no transactions related to CSR expenditure with related parties as defined in Ind AS-24 "Related Party Disclosure".

**3.29 Events occurring after the Balance Sheet date**

No adjusting or significant non - adjusting events have occurred between the reporting date and the date of authorisation of these financial statements.

**3.30 Undisclosed income**

There are no transactions that has been not recorded in the books of accounts and has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961.

**3.31 Details of Crypto Currency or Virtual currency**

There are no transaction/holding of crypto or virtual currency.

**3.32 Previous year figures have been regrouped/ rearranged, wherever considered necessary to conform to current year's classification.**

## Notes to Consolidated Financial Statement for the year ended March 31, 2023 (Contd.)

### 3.33 Additional Information, as required under Schedule III to the Companies Act, 2013, of enterprises consolidated as Subsidiary / Associate.

For the year ended March 31, 2023

| Sr. No. | Name of the Enterprise   | Net Assets i.e. Total Assets minus Total Liabilities |                 | Share in Profit /(Loss)              |               | Share in Other comprehensive income             |               | Share in Total comprehensive income |               |
|---------|--|--|-----------------|--------------------------------------|---------------|---|---------------|-------------------------------------|---------------|
|         |  | As % of consolidated Net Assets                      | Rs. In Crores   | As % of consolidated Profit / (Loss) | Rs. In Crores | As % of consolidated Other comprehensive income | Rs. In Crores | As % of consolidated profit or loss | Rs. In Crores |
|         | <b>Parent</b>  |  |                 |                                      |               |   |               |                                     |               |
|         | ISMT Limited   | 102.49   | 1,514.81        | 110.04                               | 96.55         | 67.57   | 2.48          | 108.33                              | 99.03         |
|         | <b>Indian Subsidiaries</b>   |  |                 |                                      |               |   |               |                                     |               |
| 1       | Tridem Port and Power Company Private Limited                        | (5.57)   | (82.31)         | (0.32)                               | (0.28)        | -   | -             | (0.31)                              | (0.28)        |
| 2       | Nagapattinam Energy Private Limited                                  | (2.51)   | (37.12)         | (0.01)                               | (0.01)        | -   | -             | (0.01)                              | (0.01)        |
| 3       | Best Exim Private Limited  | (0.13)   | (1.93)          | (0.01)                               | (0.01)        | -   | -             | (0.01)                              | (0.01)        |
| 4       | Success Power & Infraprojects Private Limited                        | (0.07)   | (1.02)          | (0.01)                               | (0.01)        | -   | -             | (0.01)                              | (0.01)        |
| 5       | Marshal Microware Infrastructure Development Company Private Limited | (0.21)   | (3.07)          | (0.01)                               | (0.01)        | -   | -             | (0.01)                              | (0.01)        |
|         | <b>Foreign Subsidiaries</b>  |  |                 |                                      |               |   |               |                                     |               |
| 1       | ISMT Enterprises SA, Luxembourg                                      | 2.03   | 30.02           | (2.19)                               | (1.92)        | -   | -             | (2.10)                              | (1.92)        |
| 2       | Structo Hydraulics AB, Sweden  | 0.73   | 10.73           | (9.94)                               | (8.72)        | -   | -             | (9.54)                              | (8.72)        |
| 3       | ISMT Europe AB, Sweden   | 0.54   | 7.92            | 0.01                                 | 0.01          | -   | -             | 0.01                                | 0.01          |
| 4       | Indian Seamless Inc., USA  | 0.09   | 1.37            | 0.03                                 | 0.03          | -   | -             | 0.03                                | 0.03          |
| 5       | PT ISMT Resources, Indonesia   | 0.01   | 0.01            | -                                    | -             | -   | -             | -                                   | -             |
|         | <b>Minority Interest in all Subsidiaries</b>                         | 0.01   | 0.11            | 0.02                                 | 0.01          | -   | -             | 0.01                                | 0.01          |
|         | <b>Sub-Total</b>   | <b>97.40</b>   | <b>1,439.52</b> | <b>97.61</b>                         | <b>85.64</b>  | <b>67.57</b>                                    | <b>2.48</b>   | <b>96.42</b>                        | <b>88.12</b>  |
|         | <b>Total Elimination</b>   | <b>2.60</b>  | <b>38.45</b>    | <b>2.40</b>                          | <b>2.10</b>   | <b>32.43</b>                                    | <b>1.19</b>   | <b>3.60</b>                         | <b>3.29</b>   |
|         | <b>Grand Total</b>   | <b>100.00</b>  | <b>1,477.97</b> | <b>100.00</b>                        | <b>87.74</b>  | <b>100.00</b>                                   | <b>3.67</b>   | <b>100.00</b>                       | <b>91.41</b>  |

**Notes to Consolidated Financial Statement for the year ended March 31, 2023 (Contd.)**

For the year ended March 31, 2022

| Sr. No. | Name of the Enterprise   | Net Assets i.e. Total Assets minus Total Liabilities |                 | Share in Profit /(Loss)              |                 | Share in Other comprehensive income             |               | Share in Total comprehensive income |                 |
|---------|--|--|-----------------|--------------------------------------|-----------------|---|---------------|-------------------------------------|-----------------|
|         |  | As % of consolidated Net Assets                      | Rs. In Crores   | As % of consolidated Profit / (Loss) | Rs. In Crores   | As % of consolidated Other comprehensive income | Rs. In Crores | As % of consolidated profit or loss | Rs. In Crores   |
|         | <b>Parent</b>  |  |                 |                                      |                 |   |               |                                     |                 |
|         | ISMT Limited   | 102.11   | 1,415.78        | 99.30                                | 2,357.39        | 94.36   | (5.86)        | 99.31                               | 2,351.53        |
|         | <b>Indian Subsidiaries</b>   |  |                 |                                      |                 |   |               |                                     |                 |
| 1       | Tridem Port and Power Company Private Limited                        | (5.92)   | (82.02)         | (0.82)                               | (19.36)         | -   | -             | (0.82)                              | (19.36)         |
| 2       | Nagapattinam Energy Private Limited                                  | (2.68)   | (37.11)         | (0.53)                               | (12.61)         | -   | -             | (0.53)                              | (12.61)         |
| 3       | Best Exim Private Limited  | (0.14)   | (1.93)          | (0.00)                               | (0.01)          | -   | -             | (0.00)                              | (0.01)          |
| 4       | Success Power & Infraprojects Private Limited                        | (0.07)   | (1.02)          | (0.00)                               | (0.01)          | -   | -             | (0.00)                              | (0.01)          |
| 5       | Marshal Microware Infrastructure Development Company Private Limited | (0.22)   | (3.07)          | (0.00)                               | (0.01)          | -   | -             | (0.00)                              | (0.01)          |
|         | <b>Foreign Subsidiaries</b>  |  |                 |                                      |                 |   |               |                                     |                 |
| 1       | ISMT Enterprises SA, Luxembourg                                      | 2.18   | 30.26           | (1.40)                               | (33.32)         | -   | -             | (1.41)                              | (33.32)         |
| 2       | Structo Hydraulics AB, Sweden  | 1.43   | 19.80           | 0.04                                 | 0.98            | -   | -             | 0.04                                | 0.98            |
| 3       | ISMT Europe AB, Sweden   | 0.58   | 8.09            | 0.00                                 | 0.11            | -   | -             | 0.00                                | 0.11            |
| 4       | Indian Seamless Inc., USA  | 0.09   | 1.23            | -                                    | -               | -   | -             | -                                   | -               |
| 5       | PT ISMT Resources, Indonesia   | 0.01   | 0.01            | -                                    | -               | -   | -             | -                                   | -               |
|         | <b>Minority Interest in all Subsidiaries</b>                         | 0.01   | 0.11            | 0.00                                 | (0.13)          | -   | -             | (0.01)                              | (0.13)          |
|         | <b>Sub-Total</b>   | <b>97.37</b>   | <b>1,350.13</b> | <b>96.59</b>                         | <b>2,293.04</b> | <b>94.36</b>                                    | <b>(5.86)</b> | <b>96.60</b>                        | <b>2,287.18</b> |
|         | <b>Total Elimination</b>   | 2.63   | 36.44           | 3.41                                 | 81.04           | 5.64  | (0.35)        | 3.40                                | 80.69           |
|         | <b>Grand Total</b>   | <b>100.00</b>  | <b>1,386.57</b> | <b>100.00</b>                        | <b>2,374.08</b> | <b>100.00</b>                                   | <b>(6.21)</b> | <b>100.00</b>                       | <b>2,367.87</b> |

As per our report of even date

**For P G BHAGWAT LLP**

Chartered Accountants

Firm Registration No. 101118W/W100682

**CA Nachiket Deo**

Partner

M. No.117695 M. No.117695

Pune, May 3, 2023

For and on behalf of the Board of Directors

**Nishikant Ektare**

Managing Director

DIN No.: 02109633

**Chetan Nathani**

Company Secretary

FCS No.: 9836

Pune, May 3, 2023

**Rahul Kirloskar**

Chairman

DIN No.: 00007319

**Suresh Patil**

Chief Financial Officer

M. No. 216509

**Form AOC - I****SALIENT FEATURES OF FINANCIAL STATEMENTS OF SUBSIDIARY / ASSOCIATES AS PER SECTION 129 (3) OF COMPANIES ACT, 2013  
PART 'A' SUBSIDIARIES****Rs. In Crores**

| Sr. No. | Name of the Subsidiary Company                                       | Reporting Currency | Share Capital | Other Equity | Total Assets | Total Liabilities # | Investments (excluding investment in subsidiary) | Turnover/ Total Income | Profit/ (Loss) Before Taxation | Provision for Taxation | Profit/ (Loss) After Taxation | Proposed Dividend | % of Shareholding |
|---------|--|--------------------|---------------|--------------|--------------|---------------------|--|------------------------|--------------------------------|------------------------|-------------------------------|-------------------|-------------------|
| 1       | ISMT Enterprises SA, Luxembourg                                      | Euro               | 61.04         | (31.02)      | 32.66        | 2.64                | -  | 0.20                   | (1.92)                         | 0.09                   | (2.01)                        | -                 | 99.62%            |
| 2       | Structo Hydraulics AB, Sweden  | SEK                | 16.32         | (5.59)       | 43.43        | 32.70               | -  | 29.78                  | (8.72)                         | -                      | (8.72)                        | -                 | 100.00%           |
| 3       | ISMT Europe AB, Sweden   | SEK                | 0.07          | 7.85         | 7.94         | 0.02                | -  | 6.37                   | 0.01                           | -                      | 0.01                          | -                 | 100.00%           |
| 4       | Indian Seamless Inc., USA  | USD                | 2.10          | (0.74)       | 1.38         | 0.02                | -  | 0.16                   | 0.03                           | -                      | 0.03                          | -                 | 100.00%           |
| 5       | Tridem Port and Power Company Private Limited                        | INR                | 2.58          | (84.89)      | 33.39        | 115.70              | -  | -                      | (0.28)                         | -                      | (0.28)                        | -                 | 100.00%           |
| 6       | Nagapattinam Energy Private Limited                                  | INR                | 0.25          | (37.37)      | 20.93        | 58.05               | -  | -                      | (0.01)                         | -                      | (0.01)                        | -                 | 100.00%           |
| 7       | PT ISMT Resources, Indonesia   | Rupiah             | 4.50          | (4.49)       | 0.01         | -                   | -  | -                      | -                              | -                      | -                             | -                 | 100.00%           |
| 8       | Best Exim Private Limited  | INR                | 0.01          | (1.95)       | 0.06         | 2.00                | -  | -                      | (0.01)                         | -                      | (0.01)                        | -                 | 100.00%           |
| 9       | Success Power and Infraprojects Private Limited                      | INR                | 0.19          | (1.21)       | 4.95         | 5.97                | -  | -                      | (0.01)                         | -                      | (0.01)                        | -                 | 100.00%           |
| 10      | Marshal Microware Infrastructure Development Company Private Limited | INR                | 0.01          | (3.08)       | 2.18         | 5.25                | -  | -                      | (0.01)                         | -                      | (0.01)                        | -                 | 100.00%           |

# Excluding Share Capital and Other Equity

| Exchange Rates | Closing Exchange Rate for Assets and Liabilities | Average Rate for Profit and Loss items |
|----------------|--|--|
| Euro to INR    | 89.28  | 86.75                                  |
| SEK to INR     | 7.94   | 8.03                                   |
| Rupiah to INR  | 0.0055   | 0.0054                                 |
| USD to INR     | 82.11  | 79.01                                  |

Reporting dates of all Subsidiary is March 31, 2023 except for PT ISMT Resources, is December 31, 2022.

Note : 1. Names of subsidiaries which are yet to commence operations : None

2. Names of subsidiaries which have been liquidated or sold during the year : None

For and on behalf of the Board of Directors

**Nishikant Ektare**  
Managing Director  
DIN No.: 02109633

**Rahul Kirloskar**  
Chairman  
DIN No.: 00007319

**Chetan Nathani**  
Company Secretary  
FCS No.: 9836  
Pune, May 3, 2023

**Suresh Patil**  
Chief Financial Officer  
M. No. 216509







**Registered Office**

ISMT Limited  
Panama House (Earlier knowns as Lunkad Towers),  
Viman Nagar, Pune - 411 014  
Tel: +91 20 41434100/01  
Fax: +91 20 26630779

Reg. Off.: Panama House, (Earlier known as Lunkad Towers), Viman Nagar, Pune – 411014  
Ph.: 020-41434100, Fax: 020-26630779,  
E-mail: secretarial@ismt.co.in; Web: www.ismt.co.in,  
CIN: L27109PN1999PLC016417

## NOTICE

NOTICE is hereby given that 25<sup>th</sup> Annual General Meeting ('AGM') of Members of ISMT Limited ('Company') will be held on Thursday, July 27, 2023 at 11.00 A.M. IST through Video Conferencing ('VC')/ Other Audio Visual Means ('OAVM') to transact the following business:

### Ordinary Business:

1. To receive, consider and adopt:
  - (a) The Audited Financial Statements of the Company for financial year ended March 31, 2023 including Audited Balance Sheet as at March 31, 2023 & Statement of Profit & Loss for year ended on that date & Reports of the Board of Directors & Auditors thereon; &
  - (b) The Audited Consolidated Financial Statements of the Company for financial year ended March 31, 2023 including Audited Consolidated Balance Sheet as at March 31, 2023 & Consolidated Statement of Profit & Loss for year ended on that date & Report of the Auditors thereon.
2. To appoint a Director in place of Mr. Nishikant Ektare (DIN: 02109633) who retires by rotation & being eligible, offers himself for re-appointment.

### Special Business:

3. To consider & if thought fit, to pass, with or without modification, the following resolution as an **Ordinary Resolution**:

**"RESOLVED THAT** pursuant to Section 148 & other applicable provisions of the Companies Act, 2013, the remuneration of:

- (i) Rs. 2,75,000/- (Rupees Two Lakh & Seventy Five Thousand Only) plus out of pocket expenses, payable to M/s. Dhananjay V. Joshi & Associates, Cost Accountants (Firm Reg. No. 000030), as Cost Auditors for "Steel Products" at Jejuri Plant; &
- (ii) Rs. 2,75,000/- (Rupees Two Lakh & Seventy Five Thousand Only) plus out of pocket expenses, payable to M/s. Parkhi Limaye & Co., Cost Accountants (Firm Reg. No. 000191), as Cost Auditors for "Steel Tubes & Pipes" products at Ahmednagar & Baramati Plants.

as recommended by the Audit Committee & approved by the Board of Directors ('Board') in connection with the Cost Audit of the Company for financial year ended March 31, 2023, be and is hereby ratified.

**RESOLVED FURTHER THAT** the Board be & is hereby authorized to do all such acts, deeds, matters & things as may be necessary to give effect to this resolution."

4. To consider & if thought fit, to pass, with or without modification, following resolution as a **Special Resolution**:

**"RESOLVED THAT** pursuant to Section 197, 198 and other applicable provisions, if any, of the Companies Act, 2013 ('Act'), Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification or re-enactment thereof for the time being in force) and the Articles of Association of the Company, consent of the Members of the Company be and is hereby accorded to the Board of Directors of the Company, to decide and pay remuneration by way of commission (over and above the payment of sitting fees) to the Directors of the Company (who are neither Managing Director nor Whole Time Director) in such manner as laid down under Section 198 and other applicable provisions, if any, of the Act, for each financial year commencing from FY 2022-23 onwards."

5. To consider & if thought fit, to pass, with or without modification, following resolution as a **Special Resolution**:

**"RESOLVED THAT** pursuant to Section 197, 198 and other applicable provisions, if any, of the Companies Act, 2013 ('Act') and Rules made thereunder (including any statutory modification or re-enactment thereof, for time being in force) and in partial modification of the resolution passed by the Members at its Extra-Ordinary General Meeting held on June 9, 2022 ("EGM") and subject to such other approvals, as may be required, consent of the members of the Company be and is hereby accorded to the revision in remuneration of Mr. Nishikant Ektare, Managing Director of the Company with effect from April 1, 2023 as set out in the Explanatory Statement annexed to this Notice.

**RESOLVED FURTHER THAT** the Board of Directors of the Company ('Board') be and is hereby authorised to take such steps and to do all such acts, deeds, matters and things as may be necessary or desirable to give effect to this resolution and also to revise the terms of remuneration from time to time within the limits prescribed and permitted under Section 197 and Schedule V of the Act, as amended from time to time, without being required to seek any fresh approval of the members of the Company, but with such other approvals, if any, required for such revision in the remuneration and that the decision of the Board shall be final and conclusive in this regard."

**For ISMT Limited**

Chetan Nathani  
**Company Secretary**  
Pune, June 22, 2023

### NOTES:

1. In view of the COVID-19 pandemic, the Ministry of Corporate Affairs vide latest Circular dt. December 28, 2022 & SEBI vide latest Circular dt. January 5, 2023, permitted to hold AGM thru VC without the physical presence of shareholders of the Company. Accordingly, this AGM is being held through VC & the Company has appointed Central Depositories Services (India) Ltd. ('CDSL') to provide VC facility. In view of the online AGM, the Registered Office of the Company shall be the deemed venue.

2. Member entitled to attend & vote at General Meeting is entitled to appoint proxy to attend & vote on his behalf. Since, the AGM is being held through VC, the requirement of physical attendance of members has been dispensed with and hence the facility for appointing proxy is not available.
3. Explanatory Statement under Section 102(1) of the Companies Act, 2013 ('Act') relating to Special Business is annexed hereto.
4. Special Business as appearing in AGM Notice are considered unavoidable by the Board & hence, forming part of the AGM Notice.
5. Brief profile & other information in respect of director seeking re-appointment is forming part of the AGM Notice.
6. Corporate members intending to appoint authorized representatives to attend AGM/ vote therein to send certified copy of Board Resolution, in this regard.
7. In case of joint holders, member whose name appears as first holder in the order of names as per the Register of Members of the Company will be entitled to vote.
8. As required under the Act, the Register of Directors & Key Managerial Personnel & Register of Contracts/ Arrangements in which Directors are interested & all documents referred to in the AGM Notice will be available for inspection in electronic mode.
9. In line with the Circulars, AGM Notice & Annual Report for FY2022-'23 is being sent through electronic mode to members whose e-mail IDs are registered with the Company/ Depositories.
10. AGM Notice & Annual Report is available on the Company's website: [www.ismt.co.in](http://www.ismt.co.in) & Stock Exchanges website i.e. BSE Ltd. & National Stock Exchange of India Ltd.: [www.bseindia.com](http://www.bseindia.com) & [www.nseindia.com](http://www.nseindia.com), respectively & AGM Notice is available on CDSL website: [www.evotingindia.com](http://www.evotingindia.com).
11. Members are advised to avail facility of nomination pursuant to Section 72 of the Act. Members holding shares physically may send their nomination in Form SH-13 to KFin Technologies Ltd. ('KFIN') & Members holding shares electronically may contact their Depository.
12. The Company is providing members the facility to vote by electronic means either by remote e-voting prior to the AGM or remote e-voting during the AGM. Instructions for attending AGM through VC are explained herein below.
13. The Company is providing members the facility to exercise right to vote by electronic means either by e-voting prior to the AGM or during the AGM. Instructions for attending the AGM through VC/ OAVM are explained herein below.
14. Members can opt for only one mode of e-voting i.e. either prior to the AGM or during the AGM. Members present at the AGM who have not cast vote prior to AGM can cast vote during the AGM. Members who have cast vote prior to the AGM can attend the AGM but cannot vote during the AGM.
15. The Board of Directors have appointed Mr. Kuldeep D. Ruchandani (C.P. No. 8563), Partner, M/s. KPRC and Associates, Company Secretaries, as the Scrutinizer.

## 16. E-VOTING FACILITY:

- a) Members can login to [www.evotingindia.com](http://www.evotingindia.com), to join AGM through VC, 15 minutes before & after the scheduled time of commencement of the AGM. Participation through VC is available to 1,000 members on first come first serve basis.
- b) **Instructions for E-Voting:**
  - i. E-Voting begins on Monday, July 24, 2023 at 9.00 AM (IST) & ends on Wednesday, July 26, 2023 at 5.00 PM (IST). Thereafter, the same shall be disabled. Members as on cut-off date of July 20, 2023 can cast votes.
  - ii. Members, who have voted prior to the date of AGM, would not be entitled to vote at the AGM.
  - iii. Pursuant to SEBI Circular No. SEBI/HO/CFD/CMD/CIR/P/2020/242 dt. December 09, 2020, under Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, listed entities are required to provide e-voting facility to its shareholders, in respect of all shareholders' resolutions. However, it has been observed that participation by public non-institutional shareholders/ retail shareholders is at a negligible level.
  - iv. Currently, there are multiple e-voting service providers (ESPs) providing e-voting facility. This necessitates registration on various ESPs & maintenance of multiple login credentials by shareholders.
  - v. To improve efficiency of e-voting process, it has been decided to enable e-voting to demat account holders, by way of single login credential, thru demat accounts/ websites of Depositories/ Depository Participants. Demat account holders would be able to cast vote without registering again with ESPs, thereby, facilitating seamless authentication & also enhancing ease and convenience of participating in e-voting.
  - vi. Members are advised to update mobile number & email Id in relation to their demat account to access e-Voting facility.
  - vii. Pursuant to the aforesaid SEBI Circular, Login method for e-Voting & joining virtual meetings for Individual shareholders holding shares in Demat mode is:

| Type of shareholder   | Login Method  |
|---|---|
| Individual Shareholder holding shares in Demat mode with CDSL | Users opting for CDSL Easi/ Easiest facility, can login thru existing login credentials. Option available to reach e-Voting page without further authentication. URL for users to login to Easi/ Easiest is <a href="https://web.cdslindia.com/myeasi/home/login">https://web.cdslindia.com/myeasi/home/login</a> or visit <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on Login icon & select New System Myeasi. After successful login, Easi/ Easiest user will be able to see e-Voting option for eligible companies where e-voting is in progress as per information provided by respective company. On clicking e-voting option, user will be able to see e-Voting page of e-Voting service provider for casting vote during e-Voting period or joining virtual meeting & voting during meeting. Additionally, there is also link provided to access system of all e-Voting Service Providers i.e. CDSL/ NSDL/ KFIN/ LINKINTIME, so that user can visit e-Voting |

|  |   |
|--|---|
|  | <p>service providers' website directly. If user is not registered for Easi/ Easiest, option to register is available at <a href="https://web.cdslindia.com/myeasi/Registration/EasiRegistration">https://web.cdslindia.com/myeasi/Registration/EasiRegistration</a></p> <p>Alternatively, user can directly access e-Voting page by providing Demat Number &amp; PAN from e-Voting link available on <a href="http://www.cdslindia.com">www.cdslindia.com</a> home page or click on <a href="https://evoting.cdslindia.com/Evoting/EvotingLogin">https://evoting.cdslindia.com/Evoting/EvotingLogin</a>. System will authenticate user by sending OTP on registered Mobile Number &amp; Email id as recorded in Demat Account. After successful authentication, user will be able to see e-Voting option where e-voting is in progress &amp; will enable to access system of e-Voting Service Providers.</p>  |
| Individual Shareholders holding shares in demat mode with NSDL | <p>If you are already registered for NSDL IDeAS facility, please visit e-Services website of NSDL. Open web browser <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a> either on Computer or mobile. Once home page is launched, click "Beneficial Owner" icon under "Login" which is available under 'IDeAS' section. A new screen will open. Enter your login credential. After successful authentication, you will be able to see e-Voting services. Click on "Access to e-Voting" under e-Voting services &amp; you will be able to see e-Voting page. Click on company name or e-Voting service provider name &amp; you will be re-directed to e-Voting service provider website for casting your vote during remote e-Voting period or joining virtual meeting &amp; voting during the meeting. If user is not registered for IDeAS e-Services, option to register is available at <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a>. Select "Register Online for IDeAS" "Portal or click at <a href="https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp">https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp</a> Visit e-Voting website of NSDL. Open web browser by typing <a href="https://www.evoting.nsdl.com/">https://www.evoting.nsdl.com/</a> either on Computer or mobile. Once home page of e-Voting system is launched, click on "Login" which is available under 'Shareholder/Member' section. A new screen will open. Enter your User ID (i.e. 16 digits demat account number held with NSDL), Password/OTP &amp; Verification Code as shown on screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider name &amp; you will be redirected to e-Voting service provider website for casting vote during remote e-Voting period or joining virtual meeting &amp; voting during meeting.</p> |
| Individual Shareholders (holding securities in                 | <p>You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. After Successful login, you</p>  |

|  |  |
|--|--|
| demat mode) login through their Depository Participants (DP) | will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. |
|--|--|

Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at above mentioned websites.

Helpdesk for Shareholders holding shares in demat mode for issues relating to login thru Depository i.e. CDSL & NSDL:

| Login type   | Help desk details   |
|--|---|
| Individual Shareholders holding shares in Demat mode with CDSL | E-mail: <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a><br>No.: 022- 23058738/ 542/ 543. |
| Individual Shareholders holding shares in Demat mode with NSDL | E-mail: <a href="mailto:evoting@nsdl.co.in">evoting@nsdl.co.in</a><br>No.: 18001020990/ 1800224430                          |

**Login method for e-Voting & joining virtual meetings for Physical shareholders & shareholders other than individual holding in Demat form-**

- Members to login to website [www.evotingindia.com](http://www.evotingindia.com)
- Click on "Shareholders" module.
- Enter your User ID:
  - For CDSL: 16 digits beneficiary ID;
  - For NSDL: 8 Character DP ID followed by 8 digit Client ID;
  - Members holding shares in Physical Form should enter Folio Number registered with the Company.
- Enter Image Verification as displayed & Click on Login.
- If Member holding shares in demat form, logged in to [www.evotingindia.com](http://www.evotingindia.com) & voted on earlier e-voting of any company, existing password is to be used.
- If Members are a first time user:

| Member holding shares in Demat/ Physical Form       |   |
|---|---|
| <b>PAN</b>  | Enter 10 digit alpha-numeric PAN issued by the Income Tax Department. Members who have not updated PAN with the Company/ Depositories are requested to use Sequence Number as mentioned in e-mail sent by the Company or contact Company/ KFIN.   |
| <b>Dividend Bank Details OR Date of Birth (DOB)</b> | To login, enter Dividend Bank Details or DOB (in dd/mm/yyyy format) as recorded in your demat account or in the Company records. If both details are not recorded with depository or the Company, enter Members DP ID/ Folio Number in Dividend Bank details field as mentioned in instruction (v). |

- After entering these details, click on "SUBMIT" tab.



- viii. Members holding shares physically will reach company selection screen. Members holding shares in Demat will reach 'Password Creation' menu to enter login/ password in new password field. This password is to be used by demat holders for voting for resolutions of other companies, provided that such companies opts for e-voting through CDSL platform. It is recommended not to share password with any other person & to keep it confidential.
  - ix. For those holding shares physically, details can be used only for voting on resolutions contained in this Notice.
  - x. Click on the EVSN for 'ISMT Limited'.
  - xi. On voting page, Members will see "RESOLUTION DESCRIPTION" & against the same, option "YES/ NO".  
Select the option YES/ NO as desired. Option YES implies assent to the Resolution & option NO implies dissent to the Resolution.
  - xii. Click on "RESOLUTIONS FILE LINK" to view the entire Resolution details.
  - xiii. After selecting resolution to vote, click "SUBMIT". A confirmation box will be displayed. To confirm vote, click "OK", to change vote, click "CANCEL".
  - xiv. Once vote is "CONFIRM", Members will not be allowed to modify the vote.
  - xv. If Demat holder has forgotten login/ password, Enter User ID & image verification code & click on Forgot Password & enter details as prompted by the system.
  - xvi. Member can also cast vote using CDSL's mobile app "m-Voting" available on Play Store/ Google Play. Please follow instructions as prompted by app.
- c) Process for Members whose e-mail IDs are not registered with the Company/ Depositories:**
- i. For Physical shareholders- please provide necessary details like Folio No., Name, scanned copy of share certificate (front & back), PAN (self attested scanned copy of PAN), AADHAR (self attested scanned copy of Aadhar) by e-mail to [secretarial@ismt.co.in](mailto:secretarial@ismt.co.in).
  - ii. 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), AADHAR (self attested scanned copy of Aadhar) by e-mail to [secretarial@ismt.co.in](mailto:secretarial@ismt.co.in).
  - iii. For Individual Demat shareholders – please update your email id & mobile no. with your respective Depository Participant (DP) which is mandatory while e-Voting & joining virtual meetings through Depository.
- d) Instruction for shareholders attending AGM through VC:**
- i. Members will be provided with facility to attend AGM through VC/ OAVM through CDSL e-Voting system by accessing at <https://www.evotingindia.com> under shareholders/ Members login by using e-voting credentials. The link for VC/ OAVM will be available in shareholder/ members login where EVSN of the Company will be displayed.
  - ii. Members are encouraged to join AGM through Laptops/ IPads for better experience.
- iii. Members have to allow Camera & use high speed Internet to avoid any disturbance during the AGM.
  - iv. Members connecting from Mobile, Tablets or Laptop via Mobile Hotspot may experience Audio/ Video loss due to fluctuation in network. Hence, it is recommended to use stable Wi-Fi/ LAN connection to avoid aforesaid glitches.
  - v. Members want to express views/ ask queries during AGM may register as speaker by sending request 7 days prior to AGM by mentioning name, Demat/ folio number, mobile number at [secretarial@ismt.co.in](mailto:secretarial@ismt.co.in). Members having queries may send the same 7 days prior to the AGM by mentioning name, demat/ folio number, mobile number at [secretarial@ismt.co.in](mailto:secretarial@ismt.co.in).
  - vi. Members who have registered as speakers alone will be allowed to express views/ ask queries during AGM.
- e) Instructions for Members e-voting during AGM:**
- i. Procedure for e-Voting during AGM is same as above.
  - ii. Members who are present in AGM through VC/ OAVM facility & have not casted their vote through remote e-voting & are otherwise not barred from doing so, shall be eligible to vote through CDSL e-voting system during the AGM.
  - iii. If votes cast by a Member through e-voting during AGM but has not participated in AGM through VC/ OAVM, such votes cast shall be considered invalid.
  - iv. Members voted through Remote e-Voting will be eligible to attend AGM but can't vote at the AGM.
- f) Note for Non-Individual Members & Custodians:**
- i. Non-Individual Members (other than HUF, NRI etc.) & Custodians required to login to [www.evotingindia.com](http://www.evotingindia.com) & register in "Corporates" module.
  - ii. Scanned copy of Registration Form bearing stamp & sign of entity be e-mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  - iii. After receiving login details, a Compliance User be created using admin login & password. Compliance User would be able to link account(s) for which they wish to vote on.
  - iv. List of accounts linked in login should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) & on approval of accounts they would be able to cast their vote.
  - v. Scanned copy of Board Resolution & Power of Attorney issued in favour of Custodian, if any, be uploaded in PDF in CDSL e-voting system for Scrutinizer's verification.
  - vi. Alternatively, Non-Individual Members can send relevant Board Resolution/ Authority letter etc. together with attested specimen signature of authorized signatory authorized to vote, to the Company at [secretarial@ismt.co.in](mailto:secretarial@ismt.co.in) if they have voted from individual tab & not uploaded the same in CDSL e-voting system for Scrutinizer's verification.
- For queries, Members may refer Frequently Asked Questions (FAQs) & e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com) under help section or write to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or contact Mr. Nitin Kunder (022-23058738), Mr. Mehboob Lakhani (022-23058543) or Mr. Rakesh Dalvi (022-23058542).
- Grievances relating to e-voting may be addressed to Mr. Rakesh Dalvi, Manager, CDSL, A Wing, 25th Floor, Marathon Futurex, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or e-mail to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).

- g) Institutional Members (other than HUF, NRI, etc.) to send scanned copy (PDF/ JPG) of Board Resolution/ Authority Letter, along with attested specimen signature of signatories authorized to vote to Scrutinizer by e-mail at [kuldeep.ruchandani@kprc.co.in](mailto:kuldeep.ruchandani@kprc.co.in) or upload the same in e-voting module in their login. Scanned image of above documents should be in naming format "Corporate Name\_EVEN NO."
- h) Voting shall be as per number of shares held by Members as on July 20, 2023 ('Cut-off date'). Members are eligible to cast vote electronically only if they are holding shares as on Cut-off date. A person who is not a Member as on Cut-off date should treat this Notice for information purpose only.
- i) Voting by members shall be in proportion to their share in the paid-up equity share capital of the Company as on Cut-off date.
- j) A person whose name is recorded in Register of Members or in register of beneficial owners maintained by depositories as on Cut-off date shall alone be entitled to avail the facility of e-voting.
- k) Procedure for e-voting during AGM is same as mentioned above since AGM is being held through VC.
17. Chairman shall, at AGM, at the end of discussion on resolutions on which voting is to be held, allow voting, by using e-voting system for members present in AGM through VC facility but have not cast vote & are otherwise not barred from doing so. E-voting module during AGM shall be disabled 15 minutes after conclusion of the AGM.
18. Scrutinizer shall make, not later than 48 hours after conclusion of the AGM, a report of votes cast in favor/ against the resolutions, invalid votes, if any, & whether Resolutions have been carried or not, to the Chairman or the person authorized by him.
19. Results along with Scrutinizer's Report shall be placed on website [www.ismt.co.in](http://www.ismt.co.in) & on website of CDSL, BSE Ltd & National Stock Exchange of India Ltd.
20. Members are further requested to:
  - Intimate changes in address/ bank mandate & e-mail ID to [einward.ris@kfintech.com](mailto:einward.ris@kfintech.com) for shares held in physical form & to Depository Participants for shares held in Demat form.
  - Quote folio number/ DP ID/ Client ID in all correspondence with the Company or KFIN.
  - Intimate about consolidation of folios to KFIN, if your shareholding is under multiple folios.
  - Effective April 1, 2019, requests for effecting transfer of shares in physical form shall not be processed unless held in Demat form with Depository. Hence, Members are requested to convert their physical shares into Demat form.
  - Surrender to KFIN, old share certificates of erstwhile Indian Seamless Steels & Alloys Ltd for exchange with confirmation letter which can be submitted with the Depository Participant for dematerialization of the shares.
21. The Company has designated an exclusive e-mail ID viz. [secretarial@ismt.co.in](mailto:secretarial@ismt.co.in) to enable Members to register their queries/ complaints.
22. MCA has initiated "Green Initiative in Corporate Governance" by allowing paperless compliances by companies & has issued circulars stating that service of notice/ documents including Annual Reports can be sent by e-mail to members to ensure prompt receipt of communication & avoid loss in transit. These documents can be downloaded from Company's website: [www.ismt.co.in](http://www.ismt.co.in). Members who have not registered their e-mail id are requested to register the same by sending e-mail to: [einward.ris@kfintech.com](mailto:einward.ris@kfintech.com) with subject 'E-mail for Green Initiative' mentioning Folio No./ DP Id/ Client Id. Members holding shares in electronic form may register/ update their e-mail id through concerned Depository Participant(s).
23. Pursuant to the SEBI Circular No. SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2023/37 dt. March 16, 2023, it is mandatory for all holders of physical securities of the Company to furnish PAN, Nomination, Contact details, Bank A/c details and specimen signature for their corresponding folio numbers. The folios wherein any one of the cited documents are not available on or after October 1, 2023, shall be frozen by the RTA of the Company.

Securities holders whose folios have been frozen shall be eligible-

- a. To lodge grievance or avail any service request from the RTA only after furnishing the complete documents/ details as mentioned in the said SEBI Circular.
- b. For any payment including dividend, interest or redemption payment in respect of such frozen folios, only through electronic mode w.e.f. April 1, 2024

Frozen folios shall be referred by the RTA/ Company to the administering authority under the Benami Transactions (Prohibitions) Act, 1988 and/ or Prevention of Money Laundering Act, 2002, if they continue to remain frozen as on December 31, 2025.

RTA shall revert the frozen folios to normal status upon receipt of all the documents/ details as required under the aforesaid SEBI Circular.

In this regard, the Company has, in May, 2023, sent communication (via e-mail and post) to all shareholders who have not updated their KYC details, as mentioned above, with a request to update the same by sending the documents at below address-

**KFin Technologies Limited**  
**Unit: ISMT Limited**

Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad – 500 032

The shareholders who are yet to update KYC documents are requested to do the needful by sending the same at the aforesaid address or can e-mail the duly signed and scanned documents through registered e-mail id to [einward.ris@kfintech.com](mailto:einward.ris@kfintech.com).

Relevant forms can be downloaded from website of the RTA-  
[https://ris.kfintech.com/clientservices/isc/#isc\\_download\\_hrd](https://ris.kfintech.com/clientservices/isc/#isc_download_hrd)

## **EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE ACT**

### **Item No. 3:**

Based on the recommendation of the Audit Committee, the Board, on July 29, 2022, approved the appointment and remuneration of M/s. Dhananjay V. Joshi & Associates, Cost Accountants, as Cost Auditors for “Steel Products” at Jejuri Plant & M/s. Parkhi Limaye & Co., Cost Accountants, as Cost Auditors for “Steel Tubes & Pipes” products at Ahmednagar & Baramati Plants in connection with the Cost Audit for FY2022-'23.

In accordance with Section 148 of the Companies Act, 2013, remuneration payable to the Cost Auditors has to be ratified by the Members. Accordingly, consent of Members is sought for ratification of remuneration to the Cost Auditors.

The Board recommends the resolution at item no. 3 for approval of the Members as an Ordinary Resolution.

None of the Directors/ Key Managerial Personnels of the Company/ their relatives are interested in this Resolution.

### **Item No. 4:**

Pursuant to Section 197 of the Companies Act, 2013 (Act), except with approval of the shareholders by passing special resolution, remuneration payable to directors (who are neither Managing Director nor Whole-time Director) shall not exceed 1% of the net profit, if there is a Managing Director. Further, Regulation 17(6) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 provides that the Board of Directors ('Board') shall recommend all fees or compensation, if any, to the Non-Executive Directors, including Independent Directors and shall require approval of the shareholders for the same.

Accordingly, it is proposed to seek approval of Members of the Company for payment of remuneration, by way of commission, to Non Executive Directors of the Company for each financial year commencing from FY 2022-23 onwards within the limits as prescribed under the Act.

The remuneration by way of commission will be distributed amongst the Non Executive Directors in such manner as decided by the Board, from time to time which shall be in addition to the fees payable to the Non-Executive Directors for attending the meetings of the Board/ Committees thereof.

Non Executive Directors of the Company may be deemed to be concerned/ interested in this resolution to the extent of their shareholding and commission, which they may receive. Relatives of the Non Executive Directors may be deemed to be concerned/ interested in this resolution to the extent of their shareholding in the Company.

The Board recommends the resolution at Item No. 4 for approval of the Members to be passed as a Special Resolution.

None of the Key Managerial Personnels of the Company/ their relatives are concerned or interested in the said Resolution.

### **Item No. 5:**

Mr. Nishikant Ektare was appointed as Managing Director of the Company for a period of five years from March 10, 2022 at a monthly basic salary of Rs. 8.00 Lacs and perquisites which were approved by the shareholders at the Extra-Ordinary General Meeting held on June 9, 2022 ('EGM'). Considering his significant contribution to the Company's growth in FY2022-23 and in planning and implementing the Company's business strategies, the Board of Directors of the Company at its meeting held on May 3, 2023, upon recommendation of the Nomination and Remuneration Committee, has approved revision in the remuneration of Mr. Nishakant Ektare, w.e.f. April 1, 2023, as follows-

- a. Basic Salary of Rs. 8,75,000/- per month;
- b. Payment of 15% of the Basic Salary as Special Allowance in lieu of superannuation; and
- c. Contribute @ 12% of the Basic Salary plus DA to the Employees Provident Fund.

Rest of the terms and conditions pertaining to his remuneration, as approved in the EGM, shall remain unaltered.

Board recommends resolution set out at Item No. 5 for approval of Members to be passed as Special Resolution.

Except Mr. Nishikant Ektare, none of the Directors or Key Managerial Personnels of the Company/ their relatives are concerned or interested in the said Resolution.

By Orders of the Board

**For ISMT Limited**

Chetan Nathani

**Company Secretary**

Pune, June 22, 2023



**PROFILE OF DIRECTOR SEEKING RE-APPOINTMENT-**

|   |  |
|---|--|
| <b>Name of Director</b>                                     | <b>Mr. Nishikant Ektare</b>  |
| <b>Age</b>  | 62 years   |
| <b>Qualification</b>  | Bachelors degree in Electrical Engineering from NIT Nagpur   |
| <b>Date of Appointment</b>                                  | March 10, 2022   |
| <b>Category</b>   | Managing Director  |
| <b>Experience and Expertise in specific functional Area</b> | Mr. Nishikant Ektare has to his credit 40 years of rich work experience including in Tube & Steel industry. Prior to joining the Company, he was employed with Kirloskar Ferrous Industries Ltd. ("KFIL") as President – Plant Operations. He joined KFIL in 1994 as maintenance in-charge & promoted to Head – Strategic Business Unit in 2001. He was also given charge of Foundry business and the Plant in 2013 as Chief Operating Officer |
| <b>Relationship with other Directors/ KMPs</b>              | None   |
| <b>Shareholding as on March 31, 2023</b>                    | None   |
| <b>Directorships held in other Companies</b>                | i. Structo Hydraulics, AB, Sweden<br>ii. Adicca Energy Solutions P Ltd<br>iii. ISMT Europe AB, Sweden<br>iv. ISMT Enterprises SA, Luxembourg   |
| <b>Memberships of Committees of other Companies</b>         | None   |
| <b>Remuneration last drawn &amp; proposed remuneration</b>  | <b>Remuneration last drawn - Rs. 4.55 Crore (FY2022-23)</b><br><b>Proposed remuneration</b> – details form part of the enclosed explanatory statement to the AGM Notice  |
| <b>No. of Board Meetings attended (FY2022-23)</b>           | 6  |