

64th Annual Report 2018-2019



ELECTROSTEEL
CASTINGS LIMITED

Corporate Information

Chairman	Mr. Pradip Kumar Khaitan
Directors	Mr. Binod Kumar Khaitan Mr. Ram Krishna Agarwal Mr. Amrendra Prasad Verma Dr. Mohua Banerjee Mr. Shermadevi Yegnaswami Rajagopalan Mr. Vyas Mitre Ralli
Managing Director	Mr. Umang Kejriwal
Joint Managing Director	Mr. Mayank Kejriwal
Whole-time Directors	Mr. Uddhav Kejriwal Mr. Mahendra Kumar Jalan
Chief Executive Officer	Mr. Sunil Katial
Chief Financial Officer	Mr. Brij Mohan Soni (up to 24 July 2019)
Executive Director (Group Finance) & CFO	Mr. Ashutosh Agarwal (w.e.f. 13 August 2019)
Company Secretary	Ms. Subhra Giri Patnaik (up to 12 August 2019) Mr. Indranil Mitra (w.e.f. 13 August 2019)
Auditors	Singhi & Co., Chartered Accountants
Solicitors	Khaitan & Co. LLP, Kolkata
Bankers	Axis Bank Limited Bank of India DBS Bank Limited Export-Import Bank of India HDFC Bank Limited ICICI Bank Limited IDBI Bank Limited IndusInd Bank Limited Punjab National Bank State Bank of India Yes Bank Limited
Works	Khardah, West Bengal Haldia, West Bengal Bansberia, West Bengal Elavur, Tamil Nadu
Corporate Office	G. K. Tower, 19 Camac Street, Kolkata 700 017 Tel.: 033 2283 9990 Fax: 033 2289 4339 E-mail Id: companysecretary@electrosteel.com Website : www.electrosteelcastings.com
Registered Office	Rathod Colony, Rajgangpur, Sundergarh, Odisha 770 017
Corporate Identification Number	L27310OR1955PLC000310

Contents

Report of the Directors	2
Annexure to the Report of the Directors.....	14
Financial Statements	
Standalone	
Independent Auditors Report on Financial Statements.....	77
Balance Sheet	84
Statement of Profit and Loss.....	85
Statement of Changes in Equity	86
Statement of Cash Flow	88
Notes on Financial Statements.....	90
Salient Features of Financial Statements of Subsidiaries/Associate Companies/ Joint Ventures in Form AOC 1.....	145
Consolidated	
Independent Auditors Report on Consolidated Financial Statements	151
Consolidated Balance Sheet.....	158
Consolidated Statement of Profit and Loss.....	159
Consolidated Statement of Changes in Equity ...	160
Consolidated Statement of Cash Flow	162
Notes on Consolidated Financial Statements	164



Report of the Directors

Dear Members,

Your Directors are pleased to present the Sixty Fourth Annual Report together with Audited Annual Financial Statements (including Audited Consolidated Financial Statements) of the Company for the Financial Year ended 31 March 2019.

FINANCIAL RESULTS

(Rs. in Crore)

Particulars	Standalone		Consolidated	
	FY 2018-19	FY 2017-18	FY 2018-19	FY 2017-18
Revenue from Operations	2,390.61	2,026.08	2,699.44	2,268.36
Earnings Before Interest, Taxes, Depreciation, Amortisation and Exceptional Item	410.78	305.13	451.59	337.21
Less : Finance Costs	225.40	202.32	234.65	210.28
Less : Depreciation and Amortisation expense	54.82	59.22	58.51	62.40
Profit Before Exceptional Item & Tax	130.56	43.59	158.43	64.53
Less: Exceptional Item	789.90	–	183.97	–
Profit / (Loss) Before Tax	(659.34)	43.59	(25.54)	64.53
Less : Tax Expense	(23.48)	(3.40)	(18.00)	(1.08)
Profit / (Loss) After Tax	(635.86)	46.99	(7.54)	65.61
Share of Profit/(Loss) in Associates and Joint Ventures	–	–	46.20	58.58
Profit / (Loss) After Tax including share of Associate and Joint Ventures	(635.86)	46.99	38.66	124.19
Attributable to :				
Owners of the Parent	–	–	38.17	124.03
Non-Controlling Interest	–	–	0.49	0.16
Other Comprehensive Income (net of tax)	(3.32)	1.94	(3.69)	(8.75)
Total Comprehensive Income	(639.18)	48.93	34.97	115.44
Attributable to :				
Owners of the Parent	–	–	34.48	115.28
Non-Controlling Interest	–	–	0.49	0.16
Opening balance in Retained Earnings	1,087.86	1,060.75	656.49	552.48
Profit / (Loss) for the period	(635.86)	46.99	38.17	124.03
Re-measurement of defined benefit plans	1.22	0.10	1.22	0.10
Dividend including dividend distribution tax	(14.66)	(21.48)	(14.66)	(21.48)
Transfer to Debenture Redemption Reserve	–	–	–	–
Transfer from Debenture Redemption Reserve	62.50	–	62.50	–
Transfer to Statutory Reserve	–	–	(1.28)	(0.14)
Transfer to General Reserve	–	–	–	–
State capital investment subsidy	–	1.50	–	1.50
Closing Balance in Retained Earnings	501.06	1,087.86	742.44	656.49

DIVIDEND

In view of absence of distributable profits, your Directors are unable to recommend any dividend for the year under review.

TRANSFER TO RESERVES

In view of losses incurred by your Company during the year, no amount has been transferred to the General Reserve for the Financial Year ended 31 March 2019.

OPERATIONS

The Company's Revenue from Operations on standalone basis was reported at Rs.2,390.61 Crores during the year under review as compared to Rs.2,026.08 Crores reported in the previous year. The Export sales increased by around 71% from Rs.610.22 Crores in 2017-18 to Rs.1,046.82 Crores in 2018-19, due to increase in volume of sales and selling price. The Company's profit / (loss) after tax (PAT) for the Financial Year 2018-19 was reported at Rs.(635.86) Crores as against Rs.46.99 Crores for Financial Year 2017-18. During the year, there was an exceptional loss of Rs.789.90 Crores on account of fair valuation of investment in the shares of Electrosteel Steels Limited and advance and trade receivables written off as per approved resolution plan as confirmed by Hon'ble National Company Law Appellate Tribunal (NCLAT) by its order dated 10 August 2018.

The Revenue from Operations on consolidated basis, for the year ended 31 March 2019 increased by 19% from Rs.2,268.36 Crores in 2017-18 to Rs.2,699.44 Crores in 2018-19. The consolidated PAT for the year ended 31 March 2019 was Rs.38.66 Crores as against PAT of Rs.124.19 Crores for the previous Financial Year.

During the year under review, the production of Ductile Iron (DI) Pipes was 3,03,838 MT, as against 2,92,714 MT in the previous year. The production of Cast Iron (CI) Pipes at Elavur was 31,930 MT as against 18,616 MT in the previous year.

DI Fittings & Accessories produced 12,085 MT of DI Fittings in 2018-19 as against 9,498 MT in 2017-18. Production, productivity, product variety & quality and despatch, etc., have been improved at both Haldia and Khardah Fittings Plant. Both Domestic and Export despatch of Fittings from Haldia and Khardah Plant has enhanced. Further initiative has been taken for improvement in the current Financial Year also.

The Company continues to provide special attention towards improvement in production and productivity with higher energy efficiency. Further, to meet and improve upon the expectations of both International and Domestic customers, the Company has continued its activities towards development and to add a number of product variants to its existing product base.

MATERIAL CHANGES AND COMMITMENTS

There has been no material changes and commitments affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which the financial statements relate and the date of this Report.

There has been no change in the nature of business.

MANAGEMENT DISCUSSION AND ANALYSIS

The Management Discussion and Analysis Report forms an integral part of this Report and gives details of the industry structure, developments, opportunities, threats, performance and state of affairs of the Company's business, internal controls and their adequacy, risk management systems including a section on 'Risk Management' and other material developments during the Financial Year 2018-19, is annexed as Annexure 1 forming part of this Report.



Report of the Directors (Contd.)

FUTURE PROSPECTS

Water and sewerage infrastructure development in Indian urban and rural sector has been the key engine of growth acceleration for the DI Pipe Industry. With the growth of economy, India's urbanization trends have scope to significantly accelerate in coming years. Further, the country faces immense task of transporting drinking water with a limited treatment facility and inadequate transmission and distribution network. Rapidly growing urban centers also have limited infrastructure for waste water disposal. As a whole, the Indian water and waste water market is having a CAGR of about 10%.

To improve and sustain the water availability, the Central Government as well as the respective State Governments have initiated a number of major urban development schemes to transform the urban scenario of the country, resulting in large investment in the Water Supply & Sewerage System. A major Initiative is AMRUT Yojna (Atal Mission for Rejuvenation and Urban Transformation). Under AMRUT, 500 Small City is undergoing infrastructure revamping. A major part of the investment will be spent on Water Supply and Sewerage. Another 20,000 Crores will be spent under the 'Namami Gange Programme' where cities on the bank of river Ganga and its tributaries will have modern Waste Water conveyance and treatment facilities to make the rivers clean.

At the same time, the Company continues to maintain its dominant position in the export market against competitors. The world economy is on the revival phase and a large portion of the production is being exported. The Company, after entrenching itself in the discerning European and gulf markets, is continuously expanding the business to new countries like Tanzania, Zambia, Congo, Nigeria, Senegal, Morocco in Africa, Vietnam, Cambodia, Myanmar in South East Asia.

SHARE CAPITAL

During the year under review, the Company had issued and allotted 4,85,26,861 Equity Shares of face value of Re.1/- each fully paid-up at a price of Rs.28.85 per Equity Share (inclusive of a share premium of Rs.27.85 per Equity Share), on preferential basis to promoter and non-promoter for cash consideration of Rs.140 Crores approx. Pursuant to the above allotment, the Issued, Subscribed and Paid-up Share Capital of the Company has increased to Rs.40,54,82,183/- comprising of 40,54,82,183 Equity Shares of Re.1/- each.

The Company has not issued shares with differential voting rights. It has neither issued employee stock options nor sweat equity shares and does not have any scheme to fund its employees to purchase the shares of the Company. As on 31 March 2019, none of the Directors of the Company hold instruments convertible into Equity Shares of the Company.

FINANCE

Debentures

The Company has redeemed the following Secured Redeemable Non-Convertible Debentures (NCDs) during the Financial Year 2018-19:

Series of Debentures	Amount (Rs. in Crore)
Series IV – 11.00%	50.00
Series VI – 11.75%	125.00
Series VII – 12.00%	75.00
Total	250.00

The Company had been regular in payment of interest on its NCDs.

Credit Rating

CARE Ratings Limited ('CARE') has reaffirmed the Company's credit rating for the long-term borrowings as "CARE BBB+" and for short-term borrowings as "CARE A2". The outlook is Stable.

During the year, India Ratings & Research Private Limited has assigned a long term Issuer Rating of “IND A-” and for short term borrowings as “IND A2+”. The outlook is Stable.

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS/ COURTS/ TRIBUNALS

During the year under review, there were no significant or material order passed by the regulators or courts or tribunals impacting the going concern status and the Company's operations in future.

However, in pursuance of the Order dated 24 September 2014 issued by the Hon'ble Supreme Court of India (the Order) followed by the Ordinance promulgated by the Government of India, Ministry of Law & Justice (legislative department) dated October 21, 2014 (Ordinance) for implementing the Order, allotment of Parbatpur coal block (coal block/mines) to the Company which was under advanced stage of implementation, had been cancelled w.e.f. 1 April 2015. In terms of the Ordinance, the Company was allowed to continue the operations in the said block till 31 March 2015. Accordingly, the said block had been handed over to Bharat Coking Coal Limited as per the direction from Coal India Ltd. with effect from 1 April 2015 and the same has been subsequently allotted to Steel Authority of India Limited (SAIL).

Following a petition filed by the Company, the Hon'ble High Court at Delhi has pronounced its judgement on 9 March 2017. Accordingly based on the said judgement, the Company has claimed Rs.1,53,176.00 Lakh towards compensation against the said coal block, acceptance whereof is awaited. Aggrieved due to delay in acceptance of claim, on a petition filed by the Company before the Hon'ble High Court, the Hon'ble Court had directed the Nominated Authority under Ministry of Coal to expedite the matter. The Hon'ble Court had further directed the Nominated Authority to take decisions within a specific time frame. During the year, the Nominated Authority in its order has upheld its decision of the compensation paid earlier and the same has been contested by the Company before the Hon'ble High Court and the matter is pending.

Members' attention is also invited to Notes on Contingent Liabilities, in the notes forming part of the Financial Statements.

INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THE FINANCIAL STATEMENTS

The Internal Financial Controls with reference to the Financial Statements are considered to be commensurate with the size, scale and nature of the operations of the Company. The system encompasses the major processes to ensure reliability of financial reporting, compliance with policies, procedures, laws, and regulations, safeguarding of assets and economical and efficient use of resources. There are Standard Operating Procedures (SOPs) in all functional activities for which key manuals have been put in place. The manuals are updated and validated periodically. Approval of all transactions is ensured through a pre-approved Delegation of Authority (DOA) schedule which is in-built into the SAP system wherever required. DOA is reviewed periodically by the management and compliance of DOA is regularly checked by the Auditors. The Company's books of accounts are maintained in SAP and transactions are executed through SAP (ERP) setups to ensure correctness/effectiveness of all transactions, integrity and reliability of reporting. There is adequate MIS (Management Information System) which is reviewed periodically with functional heads.

The Internal Auditors of the Company monitors and evaluates the efficacy and adequacy of internal control system in the Company, its compliance with operating system, accounting procedures and policies at all locations of the Company. The main thrust of internal audit is to test and review controls, appraisal of risks and business processes, besides benchmarking controls with best practices in the industry. Based on the Internal Audit Reports, process owner takes corrective actions in their respective areas and thereby strengthens the controls. The Report is presented before the Audit Committee for review at regular intervals.

DETAILS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

The Audited Annual Consolidated Financial Statements forming part of the Annual Report have been prepared, in accordance with the Companies Act, 2013 ('the Act'), Indian Accounting Standards (Ind AS) 110 – 'Consolidated Financial Statements' and Indian Accounting Standards (Ind AS) 28 – 'Investments in Associates and Joint Ventures', notified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended from time to time.



Report of the Directors (Contd.)

The Company had the following Subsidiaries, Associate Companies and Joint Ventures as on 31 March 2019:

Sl. No.	Name of the Company	Status
1.	Electrosteel Algeria SPA	Subsidiary
2.	Electrosteel Castings (UK) Limited	Subsidiary
3.	Electrosteel Castings Gulf FZE	Subsidiary
4.	Electrosteel Doha for Trading LLC	Subsidiary
5.	Electrosteel Europe S.A.	Subsidiary
6.	Electrosteel Trading, S.A.	Subsidiary
7.	Electrosteel USA, LLC	Subsidiary
8.	Electrosteel Brasil Ltda. Tubos e Conexoes Duteis	Subsidiary
9.	Mahadev Vyapaar Pvt Ltd	Subsidiary
10.	Electrosteel Bahrain Holding S.P.C. Company	Subsidiary
11.	WaterFab LLC (subsidiary of Electrosteel USA, LLC)	Subsidiary
12.	Electrosteel Bahrain Trading W.L.L (subsidiary of Electrosteel Bahrain Holding S.P.C. Company)	Subsidiary
13.	Electrosteel Thermal Power Limited	Associate Company
14.	Srikalahasthi Pipes Limited	Associate Company
15.	North Dhadhu Mining Company Private Limited	Joint Venture
16.	Domco Private Limited	Joint Venture

During the year under review, Electrosteel Steels Limited ceased to be an Associate Company of the Company, with effect from 6 June 2018.

A Report on the highlights of the performance of each of the Company's subsidiaries, associates and joint ventures and their contribution to the overall performance of the Company for the Financial Year ended 31 March 2019 pursuant to the provisions of Section 129(3) of the Act, read with Rule 8 of the Companies (Accounts) Rules, 2014 is given in Annexure 2. The statement containing salient features of financial statement of subsidiaries, associate companies and joint ventures, for the Financial Year ended 31 March 2019, pursuant to the said Section, read with Rule 5 of the said Rules, are given along with the Standalone Financial Statement.

In accordance with Section 136 of the Act, the Audited Financial Statements, including the Consolidated Financial Statements and related information of the Company, and Audited Accounts of each of its subsidiaries are available on the website of the Company, www.electrosteelcastings.com. These documents will also be available for inspection during business hours by the Members at the Registered Office of the Company.

STATUS OF AMALGAMATION OF MAHADEV VYAPAAR PVT LTD

The Board of Directors of the Company, at its meeting held on 11 August 2014 had approved the Scheme of Amalgamation (the Scheme) of its wholly owned subsidiary, Mahadev Vyapaar Pvt Ltd (MVPL) with the Company with effect from 1 April 2014 ("Appointed Date"). MVPL had filed an application before the Hon'ble High Court at Calcutta, which has sanctioned the said Scheme on 18 November 2015 and the certified copies of order sanctioning the Scheme had been filed by MVPL with the Registrar of Companies, West Bengal.

In the meanwhile, the Ministry of Corporate Affairs vide notification dated 7 December 2016 enforced the Companies (Transfer of Pending Proceedings) Rules, 2016 with effect from 15 December 2016, whereby all proceedings under

the erstwhile Companies Act, 1956, including proceedings relating to arbitration, compromise, arrangements and reconstruction, other than proceedings relating to winding up on the date of coming into force of these rules, stood transferred to the Benches of the National Company Law Tribunal (NCLT) exercising respective territorial jurisdiction. With the formation of NCLT, Cuttack Bench, the Hon'ble High Court at Orissa has by an order passed on 19 April 2019 disposed off the same by directing transfer of the said petition to NCLT, Cuttack Bench. The NCLT, Cuttack Bench, will now take up the matter.

REPORT ON CORPORATE GOVERNANCE

The Company is committed in maintaining the highest standards of Corporate Governance and adheres to the stipulations prescribed under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations'). A Report on Corporate Governance for the year under review along with the Certificate from the Auditors confirming compliance with the conditions of Corporate Governance, is annexed as Annexure 3 forming part of this Report.

MEETINGS OF THE BOARD

During the Financial Year 2018-19, 9 (nine) Board Meetings were held, the details of which are given in the Corporate Governance Report forming part of this Report and annexed as Annexure 3.

BOARD OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

Ms. Nityangi Kejriwal Jaiswal (DIN: 07129444), Non-Executive Director, resigned from the Board of the Company, with effect from 29 January 2019. The Board places on record its appreciation and gratitude for the valuable contributions made by her during her tenure as Director on the Board of the Company.

Dr. Mohua Banerjee (DIN: 08350348) has been appointed as the Additional Director (Independent) on the Board of the Company with effect from 8 February 2019 for a term of 5 (five) consecutive years, subject to the approval of appointment and regularization by the Members of the Company at the ensuing Annual General Meeting of the Company. A declaration has been received from Dr. Banerjee that she satisfies the criteria of Independence as laid down in Section 149(6) of the Act and Regulation 16(1)(b) of the Listing Regulations. The Company has also received a notice under Section 160 of the Act from a Member proposing her appointment as an Independent Director of the Company and the same has been included in the notice of the forthcoming AGM.

Further, the Members of the Company, at their Extra-Ordinary General Meeting held on 11 August 2018, re-appointed Mr. Uddhav Kejriwal (DIN: 00066077) as the Whole-time Director of the Company for a period of 5 (five) years with effect from 16 June 2018.

Mr. Shermadevi Yegnaswami Rajagopalan (DIN: 00067000) and Mr. Uddhav Kejriwal (DIN: 00066077), Directors of the Company, retire by rotation at the forthcoming AGM and being eligible, offer themselves for re-appointment.

The present term of appointment of Mr. Mahendra Kumar Jalan (DIN: 00311883) as the Whole-time Director is valid up to 21 January 2020. The Board has, based on the recommendation of Nomination and Remuneration Committee has approved the re-appointment of Mr. Jalan, as the Whole-time Director, for a further term of 5 (five) consecutive years, with effect from 22 January 2020, subject to the approval of the Members at the ensuing 64th AGM.

In compliance with Regulation 26(4) and 36(3) of the Listing Regulations and Secretarial Standard-2 on General Meetings, brief resume and other information of all the Directors proposed to be appointed and re-appointed are given in the Notice for the forthcoming AGM.

Mr. Sunil Katial was appointed as the Chief Executive Officer of the Company with effect from 29 January 2019. There were no other changes in Key Managerial Personnel (KMP) during the year.



Report of the Directors (Contd.)

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the provisions of Section 134 of the Act, the Directors state that:

- a) in the preparation of annual accounts for the Financial Year ended 31 March 2019, the applicable accounting standards have been followed and there were no material departures requiring any explanation;
- b) they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the Financial Year and of the loss of the Company for that period;
- c) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) they have prepared annual accounts on a 'going concern' basis;
- e) they have laid down internal financial controls to be followed by the Company and such internal financial controls are adequate and are operating effectively; and
- f) they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

INDEPENDENT DIRECTORS

Declaration by Independent Directors

Mr. Pradip Kumar Khaitan, Mr. Binod Kumar Khaitan, Mr. Ram Krishna Agarwal, Mr. Amrendra Prasad Verma and Dr. Mohua Banerjee, Independent Directors, have given declarations that they meet the criteria of independence as laid down in the Act and the Listing Regulations.

DETAILS OF BOARD COMMITTEES & ADOPTION OF POLICIES

There are 6 Board Committees as on 31 March 2019, viz., Audit Committee, Nomination and Remuneration Committee, Stakeholders' Relationship Committee, Corporate Social Responsibility Committee, Banking and Authorisation Committee and Governance Committee.

The details of composition, terms of reference and meetings held and attended by the Committee members of Audit Committee, Nomination and Remuneration Committee, Stakeholders' Relationship Committee and Corporate Social Responsibility Committee are provided in the Corporate Governance Report annexed as Annexure 3.

The Banking and Authorisation Committee comprised of Mr. Binod Kumar Khaitan as the Chairman with Mr. Shermadevi Yegnaswami Rajagopalan, Mr. Mayank Kejriwal and Mr. Uddhav Kejriwal as its members as on 31 March 2019. The terms of reference for the Committee include taking various decisions pertaining to the opening or closing of bank and demat accounts of the Company, change in authorised signatories for operation of different bank and demat accounts, subscribing/purchasing/selling/dealing in securities of Companies other than related parties and availing broking services, making loans from time to time to subsidiary companies/Joint Ventures/Associates for its working capital requirement, giving guarantee or providing security to any bank in connection with fund based/non-fund based facilities including loan(s) made to Subsidiary Company/Joint Venture/Associate Company by such bank and any other work related to day-to-day operations of the Company.

The Governance Committee comprised of Mr. Binod Kumar Khaitan as the Chairman with Mr. Mahendra Kumar Jalan and Dr. Mohua Banerjee as its members as on 31 March 2019. The terms of reference for the Committee inter-alia include formulating a governance policy and recommending it to the Board for approval, assisting the Board in its ongoing

oversight of the quality of governance in the Company and its subsidiaries, monitoring the developments in governance practices of the Company and its subsidiaries and report appropriately to the Board, with recommendations, advising the Board or any committees of the Board of any corporate governance issues in the Company and its subsidiaries, which the Committee determines has a negative impact on the Company's ability to safeguard or improve shareholder value and carrying out any other function as is decided by the Board of Directors of the Company from time to time.

Vigil Mechanism

The Company has adopted Whistle Blower Policy and established a Vigil Mechanism in compliance with provisions of the Act and the Listing Regulations for the Directors and employees to report genuine concerns and grievances and leak/suspected leak of Unpublished Price Sensitive Information. This mechanism provides adequate safeguards against victimisation of employees and Directors and also provides for direct access to the Chairperson of the Audit Committee. The Company oversees the vigil mechanism through the Audit Committee of the Company. The said Policy is available at the Company's website and can be accessed at <https://www.electrosteelcastings.com/investors/pdf/Vigil-Mechanism-Whistle-Blower-Policy.pdf>.

Nomination and Remuneration Policy

The Board has adopted a Nomination and Remuneration Policy recommended by Nomination and Remuneration Committee in terms of the provisions of Section 178 of the Act and Regulation 19 read with Part D of Schedule II to the Listing Regulations. The Policy governs the criteria for determining qualifications, positive attributes and independence of a Director and lays down the remuneration principles for Directors, Key Managerial Personnel and other employees.

The Policy aims to enable the Company to attract, retain and motivate highly qualified members for the Board, Key Managerial Personnel (KMP) and other employees. It enables the Company to provide a well-balanced and performance-related compensation package, taking into account shareholder interests, industry standards and relevant Indian corporate regulations. The policy ensures that the interests of Board members, KMP & employees are aligned with the business strategy and risk tolerance, objectives, values and long-term interests of the Company and will be consistent with the "pay-for-performance" principle and the remuneration to directors, KMP and employees involve a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals. The policy lays down the procedure for the selection and appointment of Board Members and KMP and also the appointment of executives other than Board Members, compensation structure for Executive Directors, Non-Executive Directors, KMP and other employees.

During the year under review, the Board of Directors amended the Nomination and Remuneration Policy of the Company to bring it in line with the recent amendments to Section 178 of the Act and Regulation 19 read with Part D of Schedule II to the Listing Regulations. The Nomination and Remuneration Policy is available at the Company's website and can be accessed at <https://www.electrosteelcastings.com/investors/pdf/nominationRemunerationPolicy.pdf>.

Corporate Social Responsibility Policy

In accordance with the requirements of Section 135 of the Act, read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, the Company has a Corporate Social Responsibility (CSR) Committee in place. The CSR Committee has developed and implemented the Corporate Social Responsibility Policy. A Report on CSR activities/initiatives which includes the contents of the CSR Policy, composition of the Committee and other particulars as specified in Section 135 of the Act, read with Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, are disclosed in Annexure 4 to this Report.