

# 66th Annual Report 2020-21



**ELECTROSTEEL  
CASTINGS LIMITED**

# Corporate Information

Chairman	Mr. Pradip Kumar Khaitan
Directors	Mr. Binod Kumar Khaitan Mr. Amrendra Prasad Verma Dr. Mohua Banerjee Mr. Rajkumar Khanna Mr. Shermadevi Yegnaswami Rajagopalan Mr. Vyas Mitre Ralli
Managing Director	Mr. Umang Kejriwal
Joint Managing Director	Mr. Mayank Kejriwal
Whole-time Directors	Mr. Uddhav Kejriwal Mr. Mahendra Kumar Jalan
Chief Executive Officer and Whole-time Director	Mr. Sunil Katial
Executive Director (Group Finance) & CFO	Mr. Ashutosh Agarwal
Company Secretary	Mr. Indranil Mitra
Auditors	Singhi & Co., Chartered Accountants
Solicitors	Khaitan & Co. LLP, Kolkata
Bankers	Axis Bank Limited Bank of India Export-Import Bank of India HDFC Bank Limited ICICI Bank Limited IDBI Bank Limited IDFC First Bank Limited IndusInd Bank Limited Punjab National Bank SBM Bank (India) Limited Standard Chartered 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.electrosteel.com
Registered Office	Rathod Colony, Rajgangpur, Sundergarh, Odisha 770 017
Corporate Identification Number	L27310OR1955PLC000310

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# Report of the Directors

Dear Members,

Your Directors take pleasure in presenting the Sixty Sixth Annual Report together with Audited Annual Financial Statements (including Audited Consolidated Financial Statement) of the Company for the Financial Year ended 31 March, 2021.

## FINANCIAL RESULTS

(Rs. in Crore)

Particulars	Standalone		Consolidated	
	FY 2020-21	FY 2019-20	FY 2020-21	FY 2019-20
Revenue from Operations	<b>2,236.12</b>	2,479.89	<b>3,470.56</b>	2,711.04
Earnings Before Interest, Taxes, Depreciation, Amortisation and Exceptional Item	<b>285.45</b>	396.18	<b>489.09</b>	399.22
Less: Finance Costs	<b>183.83</b>	219.90	<b>210.63</b>	227.58
Less: Depreciation and Amortisation Expense	<b>52.67</b>	52.74	<b>91.19</b>	57.15
Profit Before Exceptional Item & Tax	<b>48.95</b>	123.54	<b>187.27</b>	114.49
Less: Exceptional Item	-	-	<b>244.23</b>	-
Profit / (Loss) Before Tax	<b>48.95</b>	123.54	<b>(56.96)</b>	114.49
Less: Tax Expense	<b>5.71</b>	24.95	<b>40.32</b>	28.20
Profit / (Loss) After Tax	<b>43.24</b>	98.59	<b>(97.28)</b>	86.29
Share of Profit / (Loss) in Associates and Joint Ventures	-	-	<b>5.41</b>	75.19
Profit / (Loss) After Tax including share of Associate and Joint Ventures	<b>43.24</b>	98.59	<b>(91.87)</b>	161.48
Attributable to:				
Owners of the Parent	-	-	<b>(145.88)</b>	161.06
Non-Controlling Interest	-	-	<b>54.01</b>	0.42
Other Comprehensive Income (Net of Tax)	<b>25.85</b>	(0.09)	<b>147.33</b>	12.60
Total Comprehensive Income	<b>69.09</b>	98.50	<b>55.46</b>	174.09
Attributable to:				
Owners of the Parent	-	-	<b>1.48</b>	173.67
Non-Controlling Interest	-	-	<b>53.98</b>	0.42
Opening balance in Retained Earnings	<b>636.49</b>	517.07	<b>920.51</b>	739.59
Closing Balance in Retained Earnings	<b>668.38</b>	636.49	<b>763.02</b>	920.51

## DIVIDEND

The Directors are pleased to recommend a dividend of Rs. 0.25 per Equity Share of face value of Re. 1 each for the Financial Year ended 31 March, 2021. This dividend is subject to the approval of the Members of the Company, at their ensuing Annual General Meeting ('AGM'). If approved, the total outlay on account of dividend for the Financial Year 2020-21 would amount to Rs. 10.82 Crore.

The Company had declared dividend of Rs. 0.30 per Equity Share of face value of Re. 1 each for the Financial Year ended 31 March, 2020.

## **INVESTOR EDUCATION AND PROTECTION FUND**

### **Transfer of Dividend to Investor Education and Protection Fund**

In terms of the provisions of Section 124 of the Companies Act, 2013 ('Act'), read together with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 and amendments thereof ('IEPF Rules'), the Company has transferred Rs. 11,79,866 (Rupees Eleven Lakh Seventy Nine Thousand Eight Hundred and Sixty Six Only) to the IEPF, during the Financial Year 2020-21, being unpaid/unclaimed dividend amounts relating to the Financial Year 2012-13.

Pursuant to the provisions of the IEPF Rules, the Company has uploaded the details of unpaid and unclaimed amounts lying with the Company as on 31 March, 2020 (as on the date of closure of previous financial year) on the website of the Company ([www.electrosteel.com](http://www.electrosteel.com)).

### **Transfer of Shares to the Demat Account of Investor Education and Protection Fund Authority**

In terms of the provisions of Section 124(6) of the Act, read with the relevant Rules made thereunder, 1,21,798 Equity Shares of the Company, in respect of which dividend was unpaid or unclaimed for the Financial Year 2012-13 and onwards, has been transferred to the Demat Account of the IEPF Authority maintained with National Securities Depository Limited, during the Financial Year 2020-21.

Further, the voting rights in respect of shares transferred to the Demat Account of the IEPF Authority shall remain frozen, until the rightful owner claims the shares. Members may note that shares as well as unclaimed dividend transferred to the IEPF Authority can be claimed back. Concerned shareholders are advised to visit <http://www.iepf.gov.in/IEPF/refund.html> for lodging claim for refund of shares or dividend from the IEPF Authority.

Further, the Company has initiated necessary action for transfer of all shares in respect of which dividend declared for the Financial Year 2013-14 and onwards has not been paid or claimed by the Members for 7 (seven) consecutive years or more. Members are advised to visit the web-link <https://www.electrosteel.com/investor/iepf-suspense-account.php>.

## **TRANSFER TO RESERVES**

The Company proposes to retain the entire amount of profit in the Profit & Loss Account.

## **OPERATIONS**

During the year under review, the production of Ductile Iron (DI) Pipes was 2,65,892 MT, as against 3,09,404 MT in the previous year. The production of Cast Iron (CI) Pipes at Elavur was 37,413 MT as against 38,206 MT in the previous year.

The Financial Year 2020-21 was one of the most challenging year in the history of our organisation. Despite numerous issues presented by the ongoing Global Pandemic caused by the coronavirus ('COVID-19'), the Company's people delivered strong result, mainly in last three quarters of the Financial Year 2020-21. All the management cadres, frontline employees and factory workers of the Company have put up a strong show to minimize impact of this global crisis.

DI Fittings & Accessories produced 13,988 MT of DI Fittings in 2020-21 as against 12,667 MT in 2019-20. Overall performance like production, productivity, product variety & quality and despatch, etc., have been improved at both Khardah and Haldia locations of Fittings Plant. Both Domestic and Export despatch of Fittings from both Haldia and Khardah Plants have increased in spite of more than two months' lockdown on account of COVID-19.

As a standard practice, various initiatives have been taken further for improvement in the current Financial Year, also taking care of products variety and quantity in both domestic & export markets.

As a continual improvement, the Company is focused on improvement in production of new range of products, productivity, quality, energy conservation and human resource. Further, to meet and improve upon the expectations of both international and domestic customers, the Company has continued its activities towards development and to add a number of product variants to its existing product base.



## Report of the Directors ..... (Contd.)

### MATERIAL CHANGES AND COMMITMENTS

There has been no material changes and commitments affecting the financial position of the Company, which have occurred between the end of the financial year of the Company to which the financial statements relate and the date of this Report other than as mentioned in the 'Operations' section of this Directors' Report.

Even while facing adverse situations, the Company is taking all adequate steps to honour all its commitments.

Further, there has been no change in the nature of the Company's business, but the manner in which operations and functioning had to be done had to be altered to adhere to the COVID-19 restrictions and directions like social distancing, no gathering of personnel, replacing physical interface with customers, implementing work from home, restricted travel, etc.

### IMPACT OF COVID-19 OUTBREAK

The Company had lost production of about two months of DI Pipe in first quarter of Financial Year 2020-21 due to nationwide lockdowns and restrictions imposed by the Government of India.

### 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 2020-21, and is annexed as Annexure 1.

### FUTURE PROSPECTS

With the growth of economy, India's urbanization trends have scope to significantly accelerate in coming years. Water and sewerage infrastructure development in Indian urban and rural sector has been the key engine of growth acceleration for the DI Pipe Industry. Further, the country faces huge 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 bring in improvement and greater sustainability of the water supply infrastructure, the Jal Jeevan Mission, mainly aimed at rural and sub-urban water supply, could mean doubling of spending on water related infrastructure creation over the coming years. For urban water supply, Central Government as well as the respective State Governments have initiated a number of major urban development schemes to transform the urban scenario of the country, resulting in large investment in the Water Supply & Sewerage System. In this direction, AMRUT Yojna (Atal Mission for Rejuvenation and Urban Transformation) is a major initiative. Under AMRUT, 500 Small Cities are undergoing infrastructure revamping.

The sewerage and waste water disposal sector is also witnessing increasing fund flow to make our cities cleaner. Considerable fund is being allocated under the 'Namami Gange' Scheme where cities on the bank of river Ganga and its tributaries will have modern Waste Water conveyance and treatment facilities to make the rivers clean. Similar schemes are coming up in Southern and Western India.

The Company, as one of the big players in the world DI Pipe market, continues to maintain its dominant position in the export market against competitors. After the gradual abatement of the COVID-19 pandemic, the world economy is on the revival phase and a large portion of our production is being exported to more than 50 countries across 5 continents. The Company, after entrenching itself in the discerning European and gulf markets as pipe maker of international quality, is continuously expanding the business to new countries, like, Tanzania, Zambia, Congo, Nigeria, Senegal, Morocco in Africa, and Vietnam, Cambodia, Myanmar in South East Asia. The subsidiary in USA is also doing well.

## **SHARE CAPITAL**

The Authorised Share Capital of the Company is Rs. 50,02,00,000/- comprising of 50,02,00,000 Equity Shares of Re. 1.00 each. During the year under review, there has been no change in the Authorised Share Capital of the Company.

The Issued, Subscribed and Paid-up Share Capital of the Company is Rs. 43,29,54,709/- comprising of 43,29,54,709 Equity Shares of Re. 1.00 each. During the year under review, 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. During the year under review, there has been no change in the Issued, Subscribed and Paid-up Share Capital of the Company. As on 31 March, 2021, the Company had no outstanding instruments convertible into Equity Shares of the Company.

## **CREDIT RATING**

India Ratings and Research (Ind-Ra) has placed the Company's Long-Term Issuer Rating of 'IND A-' on Rating Watch Positive (RWP) and for short term borrowings as "IND A2+" on Rating Watch Positive (RWP). The Outlook was 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.

Members' attention is 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 by functional heads.

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

## **DETAILS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES**

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



## Report of the Directors ..... (Contd.)

The Company had the following Subsidiaries and Joint Ventures as on 31 March, 2021:

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

During the year under review, Srikalahasthi Pipes Limited ceased to be an Associate Company on 17 September, 2020 and became a Subsidiary from 18 September, 2020.

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, 2021, pursuant to the provisions of Section 134(3) of the Act, read with Rule 8 of the Companies (Accounts) Rules, 2014, is given in Annexure 2 to this Report. The statement containing salient features of financial statement of subsidiaries, associate companies and joint ventures, for the Financial Year ended 31 March, 2021, pursuant to the said Section, read with Rule 5 of the said Rules, are given along with the Standalone Financial Statements.

In accordance with Section 136 of the Act, the Audited Financial Statements, including the Consolidated Financial Statements and related information of the Company, and Audited Accounts of each of its subsidiaries are available on the website of the Company, [www.electrosteel.com](http://www.electrosteel.com). Members who wish to inspect these documents can send an e-mail to [companysecretary@electrosteel.com](mailto:companysecretary@electrosteel.com).

### STATUS OF AMALGAMATION OF SRIKALAHASHTHI PIPES LIMITED WITH THE COMPANY

The proposed Amalgamation of Srikalahasthi Pipes Limited ('SPL') with and into the Company and their respective shareholders and creditors, was approved by the Board of Directors of both the said companies, at their respective meetings held on 5 October, 2020 and was subject to the necessary approvals and observations/representations of regulatory and statutory authorities, such as, the Competition Commission of India ('CCI'), the concerned Stock Exchanges, the Securities and Exchange Board of India ('SEBI'), the concerned Registrar of Companies, the concerned Regional Directors of the Ministry of Corporate Affairs, the concerned Official Liquidator, the Income Tax authorities, the concerned National Company Law Tribunals ('NCLT/s'), other sectoral regulators or authorities, as may be required by the NCLTs.

Further, the companies had filed an application with the CCI for its approval to the proposed Amalgamation of SPL with and into the Company. The CCI has accorded its approval to the said proposed Amalgamation on 27 November, 2020.

Both, SPL and the Company, had filed respective applications with the Stock Exchanges, i.e., the National Stock Exchange of India Limited ('NSE') and BSE Limited ('BSE'), for their respective approvals to the aforesaid draft Scheme of Amalgamation, under applicable regulations of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations'), read with applicable SEBI Circulars. The Stock Exchanges have issued their respective Observation Letters, dated 25 February, 2021, to the respective applications made by SPL and the Company, in accordance with the said Regulations, incorporating thereof comments by SEBI. Both the Stock Exchanges have conveyed 'no adverse observations' and 'no-objection', respectively, to the respective applications filed by both the said companies.

Upon receipt of the aforesaid Observation Letters from NSE and BSE, both, SPL and the Company, have filed applications with the concerned NCLTs, seeking directions for calling and conducting meetings of their respective creditors or class of creditors, or of the members or class of members, as the case may be.

The Application filed by SPL was initially heard on 19 March, 2021, by the Hon'ble NCLT, Amravati Bench, whereby the said Bench had reserved its Orders. Thereafter, the NCLT, Amravati Bench, vide its Order dated 30 April, 2021, has directed that the meetings of shareholders and creditors of SPL be held on 16 June, 2021 for, inter alia, approving the Scheme.

On Application filed by the Company, the NCLT, Cuttack Bench, at its hearing held on 10 May, 2021, has directed the matter to be listed on 9 June, 2021 for passing of Order.

Upon obtaining requisite approvals, via, requisite majority (as defined in the applicable provisions of the Act, read with applicable SEBI Circulars) of the respective members (i.e., equity shareholders) and creditors (both, secured and unsecured) of the Company and SPL, and upon receipt of representations, if any, from the aforesaid regulatory and statutory authorities, the companies will make final application(s) with the NCLT(s) for sanctioning the Scheme of Amalgamation of SPL with and into the Company, in accordance with the applicable provisions of the Companies Act, 2013 and such other laws, if any, as may be applicable for the time being in force.

The concerned NCLT(s) may, thereafter, pass an Order sanctioning the Scheme of Amalgamation of SPL with and into the Company, with such directions, as it may deem necessary and as may be required under the law.

## **REPORT ON CORPORATE GOVERNANCE**

Your Company believes in transparent and ethical corporate governance practices. The Company's approach to Corporate Governance cascades across its business operations and its stakeholders at large to create long term sustainable value.

The Company is committed in maintaining the highest standards of Corporate Governance and adheres to the stipulations prescribed under the 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 2020-21, 5 (five) Board Meetings were held, the details of which are given in the Corporate Governance Report, forming part of this Report and annexed as Annexure 3.

## **BOARD OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

The Board had, based on the recommendation of Nomination and Remuneration Committee ('NRC'), appointed Mr. Sunil Katial (DIN: 07180348), Chief Executive Officer, as an Additional Director (Whole-time) on the Board of the Company, with effect from 1 April, 2020. Mr. Sunil Katial had been appointed as a Whole-time Director of the Company from the said date, for a term of 3 (three) consecutive years, subject to the approval of appointment and regularisation by the Members of the Company at the 65<sup>th</sup> Annual General Meeting ('AGM') of the Company. An affirmation had been received from Mr. Katial that he is not debarred or disqualified from being appointed as Director of companies/holding the office of director





## Report of the Directors ..... (Contd.)

pursuant to any order of the SEBI, Ministry of Corporate Affairs or any such statutory authority. The Company had also received a notice under Section 160 of the Act from a Member proposing his appointment as a Whole-time Director of the Company. In addition, Mr. Sunil Katial continued to be the Chief Executive Officer of the Company.

Mr. Ram Krishna Agarwal (DIN: 00416964), Independent Director, has resigned from the Board of the Company, with effect from 8 June, 2020, due to his pre-occupations with various professional and social commitments. Mr. Ram Krishna Agarwal has also confirmed that there were no other material reasons other than the above, for his aforesaid resignation. The Board places on record its appreciation and gratitude for the valuable contributions made by him during his tenure as Director on the Board of the Company.

Further, the Board, based on the recommendation of NRC, had appointed Mr. Rajkumar Khanna (DIN: 05180042), as an Additional Director (Non-Executive and Independent) of the Company with effect from 15 June, 2020. Mr. Rajkumar Khanna had been appointed as an Independent Director of the Company from the said date for a term of 5 (five) consecutive years, subject to the approval of appointment and regularisation by the Members of the Company at the 65th AGM of the Company. An affirmation had been received from Mr. Khanna that he is not debarred or disqualified from being appointed as Director of companies/holding the office of director pursuant to any order of the SEBI, Ministry of Corporate Affairs or any such statutory authority. The Company had also received a notice under Section 160 of the Act from a Member proposing his appointment as an Independent Director of the Company.

The Members of the Company, at the 65th AGM of the Company held on 15 September, 2020, have approved the appointments of Mr. Sunil Katial (DIN: 07180348) as the Chief Executive Officer and Whole-time Director of the Company, with effect from 1 April, 2020, for a term of 3 (three) consecutive years and of Mr. Rajkumar Khanna (DIN: 05180042), as an Independent Director of the Company, for a period of 5 (five) consecutive years, with effect from 15 June, 2020.

Mr. Amrendra Prasad Verma (DIN: 00236108) was appointed as an Independent Director of the Company for a period of 5 (five) years with effect from 22 December, 2016. Mr. Verma's existing term will expire on 21 December, 2021. The Board, based on the recommendation of NRC and performance evaluation by it, at its meeting held on 20 May, 2021, has re-appointed Mr. Verma as an Independent Director of the Company for a second term of five consecutive years with effect from 22 December, 2021, subject to the approval of re-appointment by the Members of the Company at the ensuing AGM of the Company. An affirmation has been received from Mr. Verma that he is not debarred or disqualified from being appointed as Director of companies/holding the office of director pursuant to any order of the SEBI, Ministry of Corporate Affairs or any such statutory authority. The Company has also received a notice under Section 160 of the Act from a Member proposing his appointment as an Independent Director of the Company and the same has been included in the Notice of the forthcoming AGM.

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

In compliance with Regulation 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 re-appointed are given in the Notice of the forthcoming AGM.

There were no other changes in the Board and the Key Managerial Personnel during the year.

### **DIRECTORS' RESPONSIBILITY STATEMENT**

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

- a) in the preparation of annual accounts for the Financial Year ended 31 March, 2021, the applicable accounting standards have been followed and there were no material departures requiring any explanation;
- b) they have selected such accounting policies and applied them consistently and made judgments and estimates that

are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the Financial Year and of the profit of the Company for that period;

- c) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) they have prepared annual accounts on a 'going concern' basis;
- e) they have laid down internal financial controls to be followed by the Company and such internal financial controls are adequate and are operating effectively; and
- f) they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

## **INDEPENDENT DIRECTORS**

### **Declaration by Independent Directors**

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

Further, in terms of Rule 8(5)(iiiia) of the Companies (Accounts) Rules, 2014, as amended, the Board of Directors state that in the opinion of the Board, Mr. Rajkumar Khanna, whose appointment as an Independent Director of the Company has been approved by the Shareholders during the year, is a person of integrity and possesses relevant expertise and experience. Further, Mr. Khanna has successfully qualified the online proficiency self-assessment test conducted by the Indian Institute of Corporate Affairs.

## **DETAILS OF BOARD COMMITTEES & ADOPTION OF POLICIES**

There are 7 Board Committees as on 31 March, 2021, viz., Audit Committee, Nomination and Remuneration Committee, Stakeholders' Relationship Committee, Corporate Social Responsibility Committee, Banking and Authorisation Committee, Amalgamation Committee and Governance Committee.

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

The Banking and Authorisation Committee comprised of Mr. Binod Kumar Khaitan as the Chairman, with Mr. Shermadevi Yegnaswami Rajagopalan, Mr. Mayank Kejriwal and Mr. Uddhav Kejriwal, as its members as on 31 March, 2021. 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.

During the year under review, the Board of Directors, at its meeting held on 5 October, 2020, have constituted a Committee, designated as the Amalgamation Committee, comprising of Mr. Binod Kumar Khaitan as the Chairman, with Mr. Uddhav Kejriwal, Mr. Mahendra Kumar Jalan and Mr. Sunil Katial as its members. There was no change in the composition of the Committee, as on 31 March, 2021. The terms of reference for the Committee, inter-alia, includes to exclusively oversee