
ELECTROSTEEL CASTINGS (UK) LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2025

ELECTROSTEEL CASTINGS (UK) LIMITED

COMPANY INFORMATION

Directors	Mr P Lohia Mr S Bailie Mr S N Agarwal Mr G Wheeler Mr M Kejirwal
Registered number	04057880
Registered office	Ambrose House Broombank Road Chesterfield Derbyshire S41 9QJ
Independent auditor	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor Royal Liver Building Liverpool L3 1PS
Bankers	Barclays Bank Plc 121 Norfolk Street Sheffield South Yorkshire S1 2JW
Solicitors	BRM Solicitors Gray Court 99 Saltergate Chesterfield S40 1LD DAC Beachcroft 149 St Vincent Street Glasgow G2 5NW

ELECTROSTEEL CASTINGS (UK) LIMITED

CONTENTS

	Page
Strategic Report	1 - 2
Directors' Report	3 - 4
Independent Auditor's Report	5 - 9
Statement of Income and Retained Earnings	10
Balance Sheet	11
Notes to the Financial Statements	12 - 27

ELECTROSTEEL CASTINGS (UK) LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2025

Introduction

The business continues to concentrate the majority of its activities in the UK whilst retaining some long-term relationships with a small number of European clients and seeking opportunities in others.

Principal activity

The company is principally engaged in the supply of ductile iron pipes, fittings and ancillaries into the UK water and waste water industry.

Business review

We continue to generate the majority of our sales and profits via our involvement in the supply of our Ductile Iron Pipes and Fittings into the UK Water and Waste Water Industry.

The majority of our sales are secured under long term (varying from 3 -12 years) Framework Contracts, which are negotiated directly with the Water and Sewage Companies (WASC) or Water only Companies (WOC).

8.91% of sales were generated via contracts in Europe.

The risks and opportunities for the business lie in existing long term Framework Contracts coming up for renewal, and Frameworks not currently held coming out for negotiation. However, this is very much mitigated for 25/26 as the vast majority of Utility Framework negotiations were completed during previous years.

Our sales predictions for 2025/26 are projected to be similar to previous year, as activity is expected to remain consistent.

Overheads and cost of sales remain under tight control by way of a rigorous suite of KPI's, and our improvement initiative continues to provide the platform for the whole team (UK and India) to come up with the ideas we use to improve how efficiently and effectively we run our business.

Having secured long term Frameworks the key future development for us all, is to deliver continued improvements in world class service to our customers in the most effective and efficient way possible.

Principal risks and uncertainties

Competition

Continued global competition pressurises price levels, but we seek to mitigate this by way of the long term Framework Contracts and differentiating ourselves through the service our people provide to our customers.

Raw materials and shipping

Volatility in global raw material pricing and shipping costs and availability of containers are a challenge to all. We continue to control these risks through close interaction with our strong and long established supply chain relationships.

Financial risk management objectives and policies

The company uses financial instruments, other than derivatives, third party borrowings, inter-company borrowings, cash and other liquid resources and various other items such as trade debtors and creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the company's operations. The main risks arising from the company financial instruments are interest rate risk, liquidity risk, credit risk and foreign currency risk. The directors review and agree policies for managing each of these risks and they are summarised below. The policies have remained unchanged from previous periods.

ELECTROSTEEL CASTINGS (UK) LIMITED

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2025

Principal risks and uncertainties (continued)

Interest rate risk

The company finances its operations through a mixture of retained profits, third party borrowings and inter-company borrowings. The company's exposure to interest rate fluctuations on its borrowings is managed on a group basis by the use of both fixed and floating facilities.

Liquidity risk

The company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. Primarily this is achieved through inter-company accounts and bank loans and similar financing.

Credit risk

The company's principal financial assets are cash and trade debtors. The credit risk associated with cash is limited as the counterparties have high credit ratings assigned by international credit-rating agencies. The principal credit risk arises therefore from the company's trade debtors. In order to manage credit risk, management set limits for customers based on a combination of payment history and third party credit references. Credit limits are reviewed by management on a regular basis in conjunction with debt ageing, collection history and limits advised by its trade debtor insurers.

Foreign currency risk

The company is exposed to transaction and translation foreign exchange risk. At this time no formal hedging of any foreign exchange risk is undertaken in the UK, but this position is reviewed on a regular basis.

Trade tariff risk

Due to recent activity in this area, the company has reviewed potential impacts and concluded that none currently exist, as the business neither imports or exports through the USA in either raw materials or finished goods.

Key performance indicators

Key performance indicators used to monitor the company performance in the years as follow:

	2025	2024
Sales per employee (£)	485,699	575,405
(Loss)/profit before tax per employee (£)	(1,205)	48,411
Gross margin ratio	17.10%	25.40%
Operating profit ratio	1.31%	10.24%

This report was approved by the board on 30/4/2025 and signed on its behalf.

Stewart Bailie
Mr S Bailie
Director

ELECTROSTEEL CASTINGS (UK) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2025

The directors present their report and the financial statements for the year ended 31 March 2025.

Results and dividends

The loss for the year, after taxation, amounted to £109,000 (2024: *profit* £2,019,000).

The directors did not recommend the payment of dividend in the year (2024: *£Nil*).

Directors

The directors who served during the year were:

Mr P Lohia
Mr S Bailie
Mr S N Agarwal
Mr G Wheeler
Mr M Kejirwal

Directors' Responsibilities Statement

The directors are responsible for preparing the Strategic Report and the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Going concern

The company uses liquid resources and working capital balances that arise directly from its operation. The company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs. Liquidity is monitored regularly by reference to forecasts and available facilities.

The company has committed funding arrangements from its bank together with good relationships with its customers and suppliers. As a result of the above and having reviewed forecasts to April 2027, the directors do not believe that there are any material uncertainties which cast significant doubt on the ability of the company to continue as a going concern.

ELECTROSTEEL CASTINGS (UK) LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2025**

Qualifying third party indemnity provisions

Management Liability insurance is in place, all directors and officers are included.

Post balance sheet events

There have been no significant events affecting the company since the year end.

Disclosure of information to auditor

The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Auditor

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 30/4/2025 and signed on its behalf.

Stewart Bailie

Mr S Bailie

Director



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ELECTROSTEEL CASTINGS (UK) LIMITED

Opinion

We have audited the financial statements of Electrosteel Castings (UK) Limited (the 'company') for the year ended 31 March 2025, which comprise the Statement of Income and Retained Earnings, the Balance Sheet and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- the financial statements give a true and fair view of the state of the company's affairs as at 31 March 2025 and of its loss for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the company to cease to continue as a going concern.

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the company's business model including effects arising from macro-economic uncertainties such as the cost of living crisis and inflation, we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ELECTROSTEEL CASTINGS (UK) LIMITED (CONTINUED)

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Strategic report, other than the financial statements and our Auditor's Report thereon. The directors are responsible for the other information contained within the Strategic report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. 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.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ELECTROSTEEL CASTINGS (UK) LIMITED (CONTINUED)

Matter on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ELECTROSTEEL CASTINGS (UK) LIMITED (CONTINUED)

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

- The company is subject to many laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements. We identified the following laws and regulations as the most likely to have a material effect if non-compliance were to occur; financial reporting legislation related to reporting frameworks (FRS 102 and Companies Act 2006), distributable profits legislation, tax legislation, anti-bribery and corruption legislation, health and safety, data protection, import duty and employment law.
- We communicated relevant laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.
- We obtained an understanding of how the company is complying with those legal and regulatory frameworks by making enquiries of management. We corroborated our enquiries through our review of board minutes, and correspondence received from regulatory bodies.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by discussions with management to understand where management considered there is a susceptibility to fraud.
- Audit procedures performed by the engagement team included:
 - evaluation of the controls established to address the risks related to irregularities and fraud;
 - testing journal entries, in particular journal entries relating to the year end and entries determined to be large or relating to unusual transactions based on our understanding of the business;
 - identifying and testing related party transactions; and
 - completion of audit procedures to conclude on the compliance of disclosures in the annual report and accounts with applicable financial reporting requirements;



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ELECTROSTEEL CASTINGS (UK) LIMITED
(CONTINUED)**

- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it;
- We assessed the appropriateness of the collective competence and capabilities of the engagement team including the consideration of the engagement team's understanding of, and practical experience with, audit engagements of a similar nature and complexity through appropriate training and participation and knowledge of the industry in which the company operates

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's Report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an Auditor's Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Gareth Hitchmough UK LLP

Gareth Hitchmough BSc FCA
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Liverpool
Date: 30/4/2025

ELECTROSTEEL CASTINGS (UK) LIMITED

**STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED 31 MARCH 2025**

	Note	2025 £000	2024 £000
Turnover	4	35,456	32,222
Cost of sales		(29,386)	(24,035)
Gross profit		6,070	8,187
Distribution costs		(2,417)	(2,179)
Administrative expenses		(3,189)	(2,708)
Operating profit	5	464	3,300
Interest payable	9	(552)	(590)
(Loss)/profit before tax		(88)	2,710
Tax on (loss)/profit	10	(21)	(691)
(Loss)/profit after tax		(109)	2,019
Retained earnings at the beginning of the year		3,722	1,703
(Loss)/profit for the year		(109)	2,019
Retained earnings at the end of the year		3,613	3,722

There were no recognised gains and losses for 2025 or 2024 other than those included in the Statement of Income and Retained Earnings.

There was no other comprehensive income for 2025 (2024: £Nil).

The notes on pages 12 to 27 form part of these financial statements.

ELECTROSTEEL CASTINGS (UK) LIMITED
REGISTERED NUMBER:04057880

BALANCE SHEET
AS AT 31 MARCH 2025

	Note	2025 £000	2024 £000
Fixed assets			
Tangible assets	11	547	457
Current assets			
Stocks	12	14,905	13,478
Debtors: amounts falling due within one year	13	7,246	8,190
Cash at bank and in hand	14	371	444
		<u>22,522</u>	<u>22,112</u>
Creditors: amounts falling due within one year	15	(15,406)	(17,686)
Net current assets		<u>7,116</u>	<u>4,426</u>
Total assets less current liabilities		<u>7,663</u>	<u>4,883</u>
Provisions for liabilities			
Deferred tax	16	(75)	(61)
Warranty provision	17	(2,875)	-
Net assets		<u>4,713</u>	<u>4,822</u>
Capital and reserves			
Called up share capital	19	1,100	1,100
Profit and loss account	18	3,613	3,722
Total equity		<u>4,713</u>	<u>4,822</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 30/4/2025

Stewart Bailie

Mr S Bailie
Director

The notes on pages 12 to 27 form part of these financial statements.

ELECTROSTEEL CASTINGS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

1. General information

Electrosteel Castings (UK) Limited is a private company limited by shares, incorporated in England and Wales. Registered number 04057880. Its registered head office is located at Ambrose House, Broombank Road, Chesterfield, Derbyshire, S41 9QJ.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland, and the Companies Act 2006.

The company's presentational and functional currency is Sterling and all values are rounded to the nearest thousand pounds (£000) except when otherwise stated.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Financial Reporting Standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A; and
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Electrosteel Castings Limited as at 31 March 2025 and these financial statements may be obtained from the parent company's website at www.electrosteel.com.

2.3 Going concern

The company uses liquid resources and working capital balances that arise directly from its operation. The company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs. Liquidity is monitored regularly by reference to forecasts and available facilities.

The company has committed funding arrangements from its bank together with good relationships with its customers and suppliers. As a result of the above and having reviewed forecasts to April 2027, the directors do not believe that there are any material uncertainties which cast significant doubt on the ability of the company to continue as a going concern.

ELECTROSTEEL CASTINGS (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025**

2. Accounting policies (continued)**2.4 Revenue**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, net of rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the company has transferred the significant risks and rewards of ownership to the buyer;
- the company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

2.5 Foreign currency translation**Functional and presentation currency**

The company's functional currency is £ Sterling and financial statements are presented in £'000.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

ELECTROSTEEL CASTINGS (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025**

2. Accounting policies (continued)**2.6 Operating leases: the company as lessee**

Rentals paid under operating leases are charged to the Statement of Income and Retained Earnings on a straight line basis over the lease term.

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the Statement of Income and Retained Earnings so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

2.7 Pensions**Defined contribution pension plan**

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the company in independently administered funds.

2.8 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.9 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date in the countries where the company operates and generates income.

ELECTROSTEEL CASTINGS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025

2. Accounting policies (continued)

2.9 Current and deferred taxation (continued)

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date.

2.10 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using a straight-line method.

Depreciation is provided on the following bases:

Freehold buildings	-	10%
Plant & machinery	-	15% to 35%
Fixtures & fittings	-	15% to 35%
Computer equipment	-	20% to 33%

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Income and Retained Earnings.

ELECTROSTEEL CASTINGS (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025**

2. Accounting policies (continued)**2.11 Stocks**

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a weight average basis.

At each Balance Sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.12 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.13 Financial instruments

The company has elected to apply the provisions of Section 11 "Basic Financial Instruments" of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's Balance Sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include trade and other debtors, cash and bank balances, are initially measured at their transaction price (adjusted for transaction costs except in the initial measurement of financial assets that are subsequently measured at fair value through profit and loss) and are subsequently carried at their amortised cost using the effective interest method, less any provision for impairment, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Discounting is omitted where the effect of discounting is immaterial. The company's cash and cash equivalents, trade and most other debtors due within the operating cycle fall into this category of financial instruments.

Impairment of financial assets

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

Financial assets are impaired when events, subsequent to their initial recognition, indicate the estimated future cash flows derived from the financial asset(s) have been adversely impacted. The impairment loss will be the difference between the current carrying amount and the present value of the future cash flows at the asset(s) original effective interest rate.

ELECTROSTEEL CASTINGS (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025**

2. Accounting policies (continued)**2.13 Financial instruments (continued)**

If there is a favourable change in relation to the events surrounding the impairment loss then the impairment can be reviewed for possible reversal. The reversal will not cause the current carrying amount to exceed the original carrying amount had the impairment not been recognised. The impairment reversal is recognised in the profit or loss.

Financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after the deduction of all its liabilities.

Basic financial liabilities, which include trade and other creditors, bank loans and other loans are initially measured at their transaction price (adjusting for transaction costs except in the initial measurement of financial liabilities that are subsequently measured at fair value through profit and loss). When this constitutes a financing transaction, whereby the debt instrument is measured at the present value of the future payments discounted at a market rate of interest, discounting is omitted where the effect of discounting is immaterial.

Debt instruments are subsequently carried at their amortised cost using the effective interest rate method.

Trade creditors are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Trade creditors are classified as current liabilities if the payment is due within one year. If not, they represent non-current liabilities. Trade creditors are initially recognised at their transaction price and subsequently are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.

Derecognition of financial assets

Financial assets are derecognised when their contractual right to future cash flow expire, or are settled, or when the company transfers the asset and substantially all the risks and rewards of ownership to another party. If significant risks and rewards of ownership are retained after the transfer to another party, then the company will continue to recognise the value of the portion of the risks and rewards retained.

ELECTROSTEEL CASTINGS (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025**

2. Accounting policies (continued)**2.13 Financial instruments (continued)****Derecognition of financial liabilities**

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

2.14 Provisions

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount of the obligation can be estimated reliably.

Carrying amount at beginning of the period was £Nil and £2,874,646 at the period end. The provision relates to replacement costs for supplies made. Payments are expected to be made during 25/26 70% of the value is reasonably fixed and only subject to minor fluctuations. 30% remains under negotiation but management believe their assessment is fair and reasonable.

From time to time the business faces claims for product defects, and provision is only made in the financial statements when there is an obligation which can be reliably estimated and is probable to be settled. No provision is made for contingent claims for which no obligation is probable or cannot be reliably estimated.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstance. There were no significant judgements made in preparing these financial statements. The following are the key estimates made in preparing these financial statements:

Estimates**Stock provisioning**

The company is engaged in the supply of ductile iron pipes, fittings and ancillaries and it is therefore necessary to consider the recoverability of the cost of inventory and the associated provisioning required. When calculating the inventory provision, management considers the nature and condition of the inventory, as well as applying assumptions around anticipated saleability. See note 12 for the net carrying amount of the inventory and associated provision.

Useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 11 for the carrying amount of tangible fixed assets and note 2.10 for the useful economic lives for each class of assets.

Judgements

In the process of preparing the financial statements, no significant judgements were applied.

ELECTROSTEEL CASTINGS (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025**

4. Turnover

All turnover is derived from the company's principal activity as set out on page 1.

Analysis of turnover by country of destination:

	2025 £000	<i>2024</i> <i>£000</i>
United Kingdom	32,361	28,884
Rest of Europe	3,095	3,338
	<u>35,456</u>	<u>32,222</u>

5. Operating profit

The operating profit is stated after charging:

	2025 £000	<i>2024</i> <i>£000</i>
Depreciation of tangible fixed assets	111	108
Exchange differences	34	3
Other operating lease rentals	244	157
Replacement cost for supplies made	2,875	-
	<u>2,875</u>	<u>-</u>

6. Auditor's remuneration

During the year, the company obtained the following services from the company's auditor:

	2025 £000	<i>2024</i> <i>£000</i>
Fees payable to the company's auditor for the audit of the company's financial statements	43	36
Fees payable to the company's auditor in respect of:		
Taxation compliance services	4	4
Accounting services	3	3
	<u>7</u>	<u>7</u>

ELECTROSTEEL CASTINGS (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025**

7. Employees

Staff costs, including directors' remuneration, were as follows:

	2025	<i>2024</i>
	£000	<i>£000</i>
Wages and salaries	2,309	<i>1,992</i>
Social security costs	241	<i>204</i>
Cost of defined contribution scheme	177	<i>139</i>
	<hr/> 2,727 <hr/>	<hr/> <i>2,335</i> <hr/>

The average monthly number of employees, including the directors, during the year was as follows:

	2025	<i>2024</i>
	No.	<i>No.</i>
Manufacturing	22	<i>17</i>
Selling and administration staff	51	<i>39</i>
	<hr/> 73 <hr/>	<hr/> <i>56</i> <hr/>

8. Directors' remuneration

	2025	<i>2024</i>
	£000	<i>£000</i>
Directors' emoluments	237	<i>294</i>
Company contributions to defined contribution pension schemes	29	<i>27</i>
	<hr/> 266 <hr/>	<hr/> <i>321</i> <hr/>

During the year retirement benefits were accruing to 2 directors (*2024: 2*) in respect of defined contribution pension schemes. Contributions to defined contribution pension schemes in respect of the highest paid director were £16,909 (*2024: £15,936*).

The highest paid director received remuneration of £142,350 (*2024: £193,837*).

Key management personnel are the same as the directors therefore no additional disclosures are required.

ELECTROSTEEL CASTINGS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025

9. Interest payable

	2025 £000	2024 £000
Bank interest payable	552	589
Other loan interest payable	-	1
	<u>552</u>	<u>590</u>

10. Taxation

	2025 £000	2024 £000
Corporation tax		
Current tax on profits for the year	-	674
Adjustments in respect of previous periods	7	-
Total current tax	<u>7</u>	<u>674</u>
Deferred tax		
Origination and reversal of timing differences	14	17
Total deferred tax	<u>14</u>	<u>17</u>
Taxation on profit on ordinary activities	<u>21</u>	<u>691</u>

ELECTROSTEEL CASTINGS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025

10. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2024: *higher than*) the standard rate of corporation tax in the UK of 25% (2024: 25%). The differences are explained below:

	2025 £000	2024 £000
(Loss)/profit on ordinary activities before tax	(88)	2,711
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 25% (2024: 25%)	(22)	678
Effects of:		
Fixed asset differences	11	9
Expenses not deductible for tax purposes	12	4
Adjustments to tax charge in respect of previous periods	7	-
Movement in deferred tax not recognised	13	-
Total tax charge for the year	21	691

Factors that may affect future tax charges

In the Spring Budget 2021, the UK Government announced that from 1 April 2023 the corporation tax rate would increase to 25% (rather than remaining at 19%, as previously enacted). There has been no change to corporation tax rates for the financial year end date. For the current financial year the weighted average tax rate is 25%. Deferred taxes at the Balance Sheet date have been measured using these enacted tax rates and reflected in these financial statements.

ELECTROSTEEL CASTINGS (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025**

11. Tangible fixed assets

	Freehold property £000	Plant & machinery £000	Fixtures & fittings £000	Computer equipment £000	Total £000
Cost					
At 1 April 2024	487	739	228	371	1,825
Additions	188	1	3	9	201
At 31 March 2025	<u>675</u>	<u>740</u>	<u>231</u>	<u>380</u>	<u>2,026</u>
Depreciation					
At 1 April 2024	228	626	166	348	1,368
Charge for the year on owned assets	45	40	8	18	111
At 31 March 2025	<u>273</u>	<u>666</u>	<u>174</u>	<u>366</u>	<u>1,479</u>
Net book value					
At 31 March 2025	<u>402</u>	<u>74</u>	<u>57</u>	<u>14</u>	<u>547</u>
At 31 March 2024	<u>259</u>	<u>113</u>	<u>62</u>	<u>23</u>	<u>457</u>

The net book value of assets held under finance or hire purchase contracts, included above, is £Nil (2024: £Nil). Included within the depreciation above is £Nil (2024: £Nil) relating to depreciation on assets held under finance leases or hire purchase contracts.

Freehold land is not depreciated.

ELECTROSTEEL CASTINGS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025

12. Stocks

	2025 £000	2024 £000
Finished goods and goods for resale	14,905	13,478

Stocks are stated after provision for impairment of £18,879 (2024: £18,879).

13. Debtors: Amounts falling due within one year

	2025 £000	2024 £000
Trade debtors	6,914	8,080
Amounts owed by group undertakings	46	-
Other debtors	188	12
Prepayments and accrued income	98	98
	7,246	8,190

Trade debtors are stated after provision for impairment of £Nil (2024: £Nil).

Amounts owed by group undertakings are unsecured, interest-free and repayable on demand.

14. Cash and cash equivalents

	2025 £000	2024 £000
Cash at bank and in hand	371	444

ELECTROSTEEL CASTINGS (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025**

15. Creditors: Amounts falling due within one year

	2025	2024
	£000	£000
Stock and invoice financing	6,976	7,215
Trade creditors	1,403	1,136
Amounts owed to group undertakings	6,067	6,574
Corporation tax	-	668
Other taxation and social security	304	917
Other creditors	7	17
Accruals	649	1,159
	15,406	17,686

Amounts owed to group undertakings are unsecured, interest-free and repayable on demand.

Stock and invoice financing facilities are secured by way of a fixed and floating charge over the assets of the company.

16. Deferred taxation

	2025	2024
	£000	£000
At beginning of year	61	44
Charged to the profit or loss (note 10)	14	17
At end of year	75	61

The deferred taxation is made up as follows:

	2025	2024
	£000	£000
Fixed asset timing differences	75	64
Short term timing differences	-	(3)
	75	61

ELECTROSTEEL CASTINGS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025

17. Provisions

	Warranty provision £000
At 1 April 2024	-
Charged to profit or loss	2,875
At 31 March 2025	2,875

Carrying amount at beginning of the period was £Nil and £2,874,646 at the period end. The provision relates to replacement costs for supplies made. Payments are expected to be made during 25/26 70% of the value is reasonably fixed and only subject to minor fluctuations. 30% remains under negotiation but management believe their assessment is fair and reasonable.

From time to time the business faces claims for product defects, and provision is only made in the financial statements when there is an obligation which can be reliably estimated and is probable to be settled. No provision is made for contingent claims for which no obligation is probable or cannot be reliably estimated.

18. Reserves

Profit & loss account

Includes all current and prior period retained profits and losses.

19. Share capital

	2025 £000	2024 £000
Authorised, allotted, called up and fully paid		
1,100,000 (2024: 1,100,000) Ordinary shares of £1.00 each	1,100	1,100

There is a single class of ordinary shares. There are no restrictions on dividends and the repayment of capital.

20. Capital commitments

There were no capital commitments at 31 March 2025 or 31 March 2024.

ELECTROSTEEL CASTINGS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025

21. Pension commitments

The company participates in a money purchase pension scheme in respect of its directors, staff and employees. The assets of the scheme are held separately from those of the company in independently administered funds. The pension cost charge represents contributions payable by the company to the scheme and amounted to £177,000 for the year (2024: £139,000).

22. Commitments under operating leases

At 31 March 2025 the company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2025 £000	2024 £000
Not later than 1 year	363	144
Later than 1 year and not later than 5 years	1,103	350
	<u>1,466</u>	<u>494</u>

23. Related party transactions

As a wholly owned subsidiary of Electrosteel Castings Limited the company is exempt from the requirements of FRS 102 to disclose transactions with other members of the group headed by Electrosteel Castings Limited (registered office being 19 Camac Street, Kolkata, 700017, India) on the grounds that consolidated financial statements including the company are publicly available. The consolidated financial statements are available on the parent company's website www.electrosteel.com.

24. Post balance sheet events

There have been no significant events affecting the company since the year end.

25. Controlling party

The ultimate parent undertaking of this company is Electrosteel Castings Limited, a company incorporated in India, which is also the company's controlling related party by virtue of its 100% ownership of the company's share capital.