



This is a translation into English of the statutory auditor's report on the financial statements of the Company issued in French and it is provided solely for the convenience of English-speaking users.

This statutory auditor's report includes information required by French law, such as the verification of the management report and the other documents provided to the shareholders.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

Electrosteel Europe S.A.

Year ended March 31, 2025

Statutory auditor's report on the financial statements

ERNST & YOUNG Audit



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Electrosteel Europe S.A.

Year ended March 31, 2025

Statutory auditor's report on the financial statements

To the Annual General Meeting of Electrosteel Europe S.A.,

Opinion

In compliance with the engagement entrusted to us by your annual general meeting, we have audited the accompanying financial statements of Electrosteel Europe S.A. for the year ended March 31, 2025.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at March 31, 2025 and of the results of its operations for the year then ended in accordance with French accounting principles.

Basis for Opinion

Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Statutory Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

Independence

We conducted our audit engagement in compliance with the independence requirements of the French Commercial Code (*Code de commerce*) and the French Code of Ethics for Statutory Auditors (*Code de déontologie de la profession de commissaire aux comptes*) for the period from April 1, 2024 to the date of our report.



Justification of Assessments

In accordance with the requirements of Articles L. 821-53 and R. 821-180 of the French Commercial Code (*Code de commerce*) relating to the justification of our assessments, we inform you that, in our professional judgment, the most significant assessments we made were related to the appropriateness of the accounting policies used, to the reasonableness of the significant accounting estimates and to the overall presentation of the financial statements.

These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the financial statements.

Specific Verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by laws and regulations.

■ Information given in the management report and in the other documents with respect to the financial position and the financial statements provided to the shareholders

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the Board of Director's management report and in the other documents with respect to the financial position and the financial statements provided to the shareholders.

We attest the fair presentation and the consistency with the financial statements of the information relating to payment deadlines mentioned in Article D. 441-6 of the French Commercial Code (*Code de commerce*).

■ Information relating to Corporate Governance

We attest that the section of the management report on corporate governance sets out the information required by Article L. 225-37-4 of the French Commercial Code (*Code de commerce*).

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with French accounting principles and for such internal control as Management determines 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, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The financial statements were approved by the Board of Directors.



Statutory Auditor's Responsibilities for the Audit of the Financial Statements

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards 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 made on the basis of these financial statements.

As specified in Article L. 821-55 of the French Commercial Code (*Code de commerce*), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- ▶ Identifies and assesses the risks of material misstatement of the financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▶ Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- ▶ Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management in the financial statements.
- ▶ Assesses the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.



- ▶ Evaluates the overall presentation of the financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

Montpellier, April 30, 2025

The Statutory Auditor
French original signed by
ERNST & YOUNG Audit

Amélie Van Elst

BALANCE SHEET	GROSS	ACCUM. DEPRECIATION	Net 31/03/25	Net 31/03/24
ASSETS				
UNPAID CAPITAL				
INTANGIBLE (NON CORPOREAL) ASSETS				
Preliminary Expenses	11 802	-	11 802	11 802
research and development expenses				
franchise, patents and valuable rights	413 417	363 380	50 037	79 955
goodwill				
other Intangible (non corporeal) assets	10 144	-	10 144	10 144
TANGIBLE (CORPOREAL) ASSETS				
land	2 063 684	-	2 063 684	2 063 684
buildings	3 414 691	754 055	2 660 637	2 742 103
machinery	782 580	733 706	48 873	69 060
other tangible (corporeal) assets	1 315 351	970 844	344 507	426 680
Capital Work in process assets-advances and deposits	1 571	-	1 571	1 571
INVESTMENTS (FINANCIAL) ASSETS				
shares held in other companies				
other shares				
loans	4 602	-	4 602	8 758
other investments (financial) assets	1 438 191	-	1 438 191	933 495
FIXED ASSETS	9 456 034	2 821 986	6 634 048	6 347 252
INVENTORIES				
Raw material and others	84 330	-	84 330	52 335
Stock in Transit	7 580 801	-	7 580 801	6 087 528
In process services				
Finished products				
Merchandise	26 429 868	48 672	26 381 196	30 473 737
Advances	415 244	-	415 244	411 375
A/C RECEIVABLES				
Customers	17 359 048	441 293	16 917 754	18 175 439
Suppliers-credit notes and discounts to receive				
Salaries and Wages-advances				
Income Tax				
VAT	-	-	-	-
Other receivables	8 474 555	-	8 474 555	11 120 932
Miscellaneous				
Advances to Suppliers	-	-	-	-
Shares & Deposit	380 105	-	380 105	380 179
CASH & BANK	3 998 997	-	3 998 997	4 626 141
Prepaid expenses	139 743	-	139 743	135 701
CURRENT ASSETS	64 862 692	489 965	64 372 726	71 463 366
Expenses over several financial years				
premium on bonds refund				
TOTAL ASSETS	74 318 725	3 311 951	71 006 774	77 810 618

	Net31/03/25	Net31/03/24
LIABILITIES AND CAPITAL		
Paid up capital	3 800 000	3 800 000
Premiums on issue of shares, fusion...		
Revaluation Reserve		
legal reserve	380 000	380 000
statutes and contract reserve		
regulated reserve		
other reserve	9 052 239	7 194 137
retained earnings		
net profit of the year	90 043	1 858 102
subsidy for investment		
regulated provisions	216 694	1 402 694
OWNERS EQUITY	13 538 975	14 634 933
revenue of issue of shares		
regulated advances		
OTHER FUNDS		
provisions for risk	549 756	488 401
provisions for expenses	304 268	275 212
PROVISIONS FOR RISK AND EXPENSES	854 024	763 613
convertible bonds loans		
other bonds loans		
loans		
bank balances overdrafts		
loans and other bank payable	6 172 171	14 847 262
loans and misc financial debts	24 655 703	21 149 927
advances from customers	588 592	2 086 504
ACCOUNTS PAYABLE	22 285 625	21 226 875
accrued wages		
payroll taxes withheld		
income tax		
Income Tax		
caution bonds		
others payroll and income tax payable		
<i>payroll and income tax payable</i>	2 185 093	2 155 452
Advance against supply of fixed assets		
Assets payable	1 324	1 056
other payables	725 267	944 997
deferred revenue		
LOANS & ADVANCES	56 613 775	62 412 073
TOTAL LIABILITIES AND CAPITAL	71 006 774	77 810 618

PROFIT AND LOSS	01/04/24 TO 31/03/25 12 MONTHS	01/04/23 TO 31/03/24 12 MONTHS
INCOME		
sales	89 865 119	107 310 513
Production Sold (Goods)	5 541	7 783
services	675 271	658 898
production in stock	593	-
production in fixed assets	-	35 000
subsidy	5 000	3 333
transfer of charges	199 027	679 733
other income	2 772 343	82 850
total operations income	93 522 894	108 778 111
SUPPLIES		
Purchases	73 920 167	84 797 124
increase/decrease in stock	2 581 501	5 506 620
Purchase and other related expenses	178 040	237 952
increase/decrease in stock of raw material	(31 402)	(33314)
other purchases and charges	8 484 550	9 921 300
total	85 132 856	100 429 682
MARGIN ON GOODS AND RAW MATERIAL	8 390 038	8 348 429
EXPENSES		
taxes and charges	159 609	147 328
Salaries & wages	3 971 044	3 772 478
social contributions	1 612 166	1 378 696
amortization and provisions fixed assets		
amortization and provisions assets		
amortization and provisions current assets		
amortization and provisions	263 489	323 151
other expenses	118 848	191 159
total	6 125 156	5 812 812
total operations expenses	91 258 011	106 242 495
OPERATION PROFIT	2 264 883	2 535 616
financial income	16 527	13 186
financial expenses	803 049	860 243
financial profit	(786 522)	(847 057)
CURRENT PROFIT BEFORE TAXATION	1 478 361	1 688 559
exceptional income	1 245 867	1 104 326
exceptional expenses	1 847 132	336 297
exceptional profit	(601 264)	768 028
income tax	787 054	598 485
TOTAL INCOME	94 785 289	109 895 622
TOTAL EXPENSES	94 695 246	108 037 521
PROFIT OF THE FINANCIAL YEAR	90 043	1 858 102

ACCOUNTING METHODS AND REGULATIONS

The annual financial statements of the company as of 31st March, 2025 have been prepared and presented in accordance with the general rules applicable and in complying, the principle of prudence.

The Balance sheet for the year presents a total of **71,006,774** euros.

The Profit & loss statement shows the total income of **94,785,289** euros and total expenses of **94,695,246** euros, thus resulting in a profit of **90,043** euros.

The accounting period commence on **01/04/2024** and ends on **31/03/2025**.

It has a term of 12 months. The general accounting principles were applied and as per the hypothesis below:

- Going Concern;

- Similar accounting methods from one financial year to another, except for a change in method of accounting for retirement commitments (see point below on the provision for end of career indemnity);

- Independence of the financial years

And in accordance with the general standards of preparation and presentation of the annual statements.

The basic method retained for the evaluation of elements registered in the account is the historical cost method.

The financial statements were established in compliance with the regulations ANC 2014-03 dated 5 June 2014 and in addition dated 16 October 2014 completed by regulation ANC 2023-08 dated 22nd November 2023.

The accounts of Electrosteel Europe SA are consolidated at the level of the parent company ECL, whose head office is in India and which owns 99.97% of Electrosteel Europe SA.

The accounts incorporate the assets, liabilities and development of the Spanish, German and Italian Branch.

HIGHLIGHTS

A tax audit procedure from the French tax administration has been notified to the French branch, this audit is in progress as of 31/03/2025.

As the procedure stands as of 31/03/2025:

- there emerges a certain liability, accepted by the company and provisioned in the accounts for the financial year as of 31/03/2025 for an amount of €155,738.

Severance pay was paid to employees of the Spanish branch in the amount of €1,236,533 and the legal fees related to the negotiation of these compensations amounted to €168,661 and are recorded under exceptional result

Other current management products include two products to be received in reimbursement of anti-subsidy rights paid by the French establishment, the Spanish establishment and the Italian establishment for the period of 01/09/2020 to 30/09/2022 for a respective amount of €1,425,256, €838,112 and €501,257

There are no significant events after 31/03/2025.

The principal methods used are the following:

ASSETS

Tangible & Intangible assets are evaluated by their original cost (purchase price and additional charges excluding cost of purchase of fixed assets) or at their production cost.

The provision for depreciation is calculated applying the linear or decreasing mode with regard to the normal use of property.

* Building	14 to 33 years
* Machinery and industrial tools	5 to 10 years
* General lay out	8 to 10 years
* Office and computer equipment	3 to 4 years
* Office furniture	10 years

STOCKS

The merchandise and stocks are evaluated at the weighted average price.

The gross value of the merchandise and stocks includes the purchase price and the expenses on purchase.

A provision for depreciation of the stocks, equal to the difference between the gross value and the fair market value or the estimated value of sales after deduction of the proportional expenses on sales, is booked when the said gross value is superior.

RECEIVABLES & PAYABLES

Receivables & payables are evaluated in their nominal value.

Doubtful accounts receivable were written down by a provision to reflect the difficulties in recovery, which may arise in collection.

All the customers receivables are related to sales realized under an ownership retention clause till the complete payment of the price.

Since September 2009, Electrosteel France is factoring the sales invoices. The amount factored as on 31st March 2025 is Euros 7,968,758 (Euros 5,236,282 as on 31st March 2024) for business in France and Euros 1,365,771 (Euros 1,636,800 as on 31st March 2024) for business in Italy.

CASH & BANK

The bank balance and cash in hand are evaluated at their nominal value.

REGULATED PROVISIONS

Given the inflationary economic context, the French establishment set up a regulated provision for price increases as on 31st March'2023. The amount of the provision recorded as of 31/03/2023 was Euros 1,402,694. This provision for price escalation relates to certain pipe references in stock for which the price of the raw material has risen sharply during the year.

There has been a reversal of €1,186,000 over the period from 01/04/2024 to 31/03/2025. Balance amount for the provision stands at Euro 216,694.

As of March 31, 2025, the company adjusted the provision for end-of-career compensation to bring it to an amount of €213,767

The assumptions used for its valuation are as follows:

- Personnel affected: All employees,
- Discount rate: 3.30%,
- Salary increase for the entire workforce: 1%,
- Social security contribution rate for the entire workforce: 45%,
- Retirement age for managers: 65,
- Retirement age for blue-collar and white-collar workers: 62-64 (pension reform),
- Collective bargaining agreement: Wholesale trade.

INVESTMENTS (FINANCIAL ASSETS)

Investment (Financial Assets) consists mainly of Caution and Deposits as well as the guarantee fund with the Factor.

RECLASSIFICATION OF FOREIGN EXCHANGE GAINS AND LOSSES

The regulation ANC 2015-05 dated 2nd July approved by decree of 28th December 2015 and published in official Journal of 30th December 2015 provides for the following changes:

Foreign exchange losses and gains on trade payables are recognized in accounts 656 and 756. Foreign exchange gains and losses.

This Regulation applies to fiscal years beginning on or after January 1, 2017.

RECLASSIFICATION OF DEBTS VIS-A-VIS THE GROUP AS FINANCIAL DEBTS

The transit times for goods from ECL India do not allow the payment of invoices corresponding to its purchases within 60 days of the invoice date.

Thus, purchases of goods from ECL India (majority shareholder) for which the amounts due are over 60 days have been considered as current account advances granted by ECL India.

Since 30/09/2022, the amount of sums due to ECL India with a payment term of more than 60 days have been reclassified in the ECL India current account. As of 31st March 2025, the amount of sums reallocated to the current account amounted to Euros 8,716,348 for France, Euro 0 for Germany, Euros 10,668,642 for Italy and Euros 4,369,487 for Spain.

The ECL India current account is classified under the item “Borrowings and miscellaneous debts” on the liabilities side of the balance sheet.

AUDITORS' FEES

For the financial year ending March 31, 2025, the auditors' fees for the statutory audit amounted to €56,000, and the fees for assignments other than certification of the accounts amounted to €25,900.

SALES FIGURES

Sales figures	31.03.2025	31.03.2024	31.03.2023
France	43,368,777.13	45,149,726.06	65,331,837.18
Spain	14,200,553.92	22,112,885.75	20,426,340.31
Italy	26,019,645.99	35,061,985.62	20,996,195.57
Germany	6,975,582.64	5,652,596.66	5,256,728.80
Europe	90,564,559.68	107,977,194.09	112,011,101.86

RESULT BEFORE TAX

Country	31-03-2025			31-03-2024		
	Result after tax	Tax	Result before tax	Result after tax	Tax	Result before tax
Spain	- 1,832,284.10	0.00	- 1,832,284.10	758,353.63	250,934.00	1,009,287.63
Italy	602,522.14	246,374.00	848,896.14	712,763.82	144,152.00	856,915.82
Germany	-77,417.80	0.00	-77,417.80	-165,712.52	0.00	-165,712.52
France	1,397,222.41	540,680.00	1,937,902.41	552,696.81	203,399.00	756,095.81
Total	90,042.65	787,054.00	877,096.65	1,858,101.74	598,485.00	2,456,586.74

Composition of Paid Up Capital

	Number	Nominal Value	Amount
Share Capital as on 1st April'2024	380 000	10	3 800 000
Issued during the Financial Year 2024-2025			
Buy back of shares during the Financial Year 2024-25			
Share Capital as on 31st March'2025	380 000	10	3 800 000

Income Receivables

	Amount
Income from Investments	
Other Financial Assets	
Receivables from customers	114 066
Other receivables	3 116 435
Bank Balance	
TOTAL	3 230 501

Provision for Expenses

	Amount
Convertible Bonds Loan	
Other Bonds Loan	
Loans & Debts from Banks	27 019
Miscellaneous Financial Loans & Debts	
Payable to Suppliers	380 906
Taxes and Social contributions	740 363
Other expenses	644 591
TOTAL	1 792 879

Prepaid expenses

	Expenses	Income
Operational Expenses / Income	139 743	
Financial Expenses / Income		
Other Expenses / Income		
TOTAL	139 743	

Details of Establishment fees

	Expenses	Income
Formation expenses	11802	
Initial establishment costs		
Capital increase costs		
TOTAL	11802	

Details of Income Tax

	Profit before Tax	Income Tax	Profit after tax
CURRENT RESULT	1 478 361	787 054	691 307
EXCEPTIONAL RESULT (and participation)	(601 264)	-	(601 264)
ACCOUNTING INCOME	877 097	787 054	90 043

Details of Exceptional Profit & Loss

	Expenses	Income
Extraordinary Income - Fines & penalties received		1 245 867
Sale of assets		
Fines & Penalties	92 573	
Penalty for delay	15 083	
Exceptional Charges - Spain	1 441 325	
Other exceptional charges	49 273	
Exceptional Amortisation		
Provision for risk and expenses	248 877	
TOTAL	1 847 131	1 245 867
NET TOTAL		-601 264

ASSETS

	Gross value of assets as on 1st April'24	Additions during the year		Deductions during the year		Gross Value of assets as on 31.03.2025
		Due to re-evaluation	Purchase	Regrouping	Transfer	
Formation expenses	11 802					11 802
Oher intangible assets	420 388		3 173			423 561
Lands	2 063 684					2 063 684
Buildings on owned property	3 395 270		19 421			3 414 691
Plant and machinery	772 138		10 442			782 580
Office Equipment	606 844		11 220			618 064
Vehicle	202 459				194 361	8 099
Furniture and computers	666 996		26 551	4 358		689 189
Capital Work-in-Progress	1 571					1 571
Total I	7 708 963		67 634	4 358	194 361	7 577 877
Loans & other financial assets	942 253		500 540		-	1 442 793
Total II	942 253		500 540		-	1 442 793
Total General	9 083 406		571 347	4 358	194 361	9 456 034

DEPRECIATION

	Accumulated depreciation as on 1st April'24	Additions	Reductions	Accumulated depreciation as on 31.03.2025
Formation expenses				
Other intangible assets	330 289	33 091		363 380
Lands				
Buildings on owned property	653 167	100 888		754 055
Plant and machinery	703 078	30 628		733 706
Office Equipment	359 697	35 348		395 045
Vehicle	164 697	2 023	159 298	7 422
Furniture and computers	525 225	43 152	-	568 377
Total General	2 736 154	245 130	159 298	2 821 986

PROVISIONS

	Accumulated provisions as on 1st April'24	Additions	Reductions	31.03.2025
Regulated provisions	1 402 694	-	1 186 000	216 694
Provision for Legal Cases	-	-	-	-
Provision for Retirement Benefits	275 212	83 139	54 082	304 268
Provision for Risks	488 401	165 738	104 384	549 756
Provision for Stock	30 313	18 359	-	48 672
Provisions for depreciation/customers receivables	441 293	-	-	441 293
Total General	2 637 913	267 236	1 344 466	1 560 683

Financial commitments

31/03/2025

	Financial obligation committed	Financial obligation received
Bills Discounting of unexpired due dates		
Customs Guarantee France	744 260	
Lease Guarantee		
Retirement Benefit Funds		
Pension, retirement and similar commitments		
France	213 767	
Italy	29 555	
Germany	60 946	
Other Guarantees		
Bank guarantee for Italy customers	82 791	
Guarantee FactoFrance Italy		
Bank guarantee for Spain customers		
Forward contract for purchase \$1 million Spain	(53 283)	
Other warranties		-
Total financial commitments	1 078 035	-

Statement of Variation in Equity

	Opening Equity as on 01.04.2024	Appropriation of profit N-1	Contributions for earlier years	Variation during the year	Closing Equity as on 31.03.2025
Social Capital	3 800 000				3 800 000
Premiums, Merger, Contribution	-				-
Revaluation difference	-				-
Legal Reserve	380 000				380 000
Statutory or Contractual Reserve	-				-
Regulatory Reserve	-				-
Other Reserve	7 194 137	1 858 102			9 052 239
Last year profit/loss	-				-
Result for the year	1 858 102	-1 858 102		90 043	90 043
Investment Grant	-				-
Regulated provisions	1 402 694			-1 186 000	216 694
Total	14 634 933			-1 095 957	13 538 975

Remuneration of Executives

Remuneration of members:	31/03/2025
- Administrative	960 326
- Management	
- Monitoring	

Identification of the consolidating Mother Company

CORPORATE NAME - CORPORATE OFFICE	FORM	CAPITAL	% HELD
ELECTROSTEEL CASTINGS LTD			
19 Camac Street CALCUTTA 700017 INDIA			

AVERAGE STAFF

31/03/2025	Salaried staff	Staff given to the company
AVERAGE WORKFORCE BY CATEGORY		
Management	25	
Technicians	5	
Employees	22	
Workers	4	
TOTAL	56	