



ABHISHEK R AGARWAL & CO.

Chartered Accountants

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71/3, Canal Circular Road
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INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF ELECTROSTEEL BRASIL LTDA TUBOS e CONEXOES DUTEIS

Report on the Standalone Financial Statements

We confirm that **Electrosteel Brasil LTDA Tubos e Conexoes Duteis** ("the Company") does not require an audit as per the existing laws applicable in Brazil. However, these financial statements have been audited for submission to various authorities here in India, if any. Further we are not commenting on various requirements under the Companies Act'2013 ("the Act") as these are not applicable to the Company except to the extent of disclosure in the financial statements and on the responsibilities of the management and the auditors.

Opinion

We have audited the accompanying financial statements of the Company, which comprise the Balance Sheet as at March 31, 2026, the Statement of Profit and Loss and the Statement of Cash Flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Financial Statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2026 and Profit and its Cash Flow for the year ended on that date.

Basis for opinion

We conducted our audit in accordance with the Standards on Auditing notified under section 143 (10) of the Act. Our responsibilities under those Standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics.

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





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Matter of Emphasis

We draw attention to Note 6 regarding preparation of Financial Statements on going concern basis. The accumulated losses of the Company as at March 31, 2026 have eroded its net worth. The appropriateness of assumption of going concern is dependent upon the restructuring plans being considered by the Holding Company, including possible financial support to its subsidiary.

Management's responsibility for the financial statements

The Company's Board of Directors are responsible for the matters stated in section 134 (5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flow of the Company in accordance with the accounting principles generally accepted in India, including the accounting standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

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 SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.





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As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. However, we are not expressing our opinion on whether the Company has adequate internal financial control system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

Further to the above, we report that:





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- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- (c) The balance sheet, the statement of profit and loss and the cash flow statement, dealt with by this report are in agreement with the books of account;
- (d) In our opinion, the aforesaid financial statements comply with the accounting standards specified under section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014;

For Abhishek R Agarwal & Co.
(Chartered Accountants)
Firm Regn. No.: 0330160E

Abhishek Agarwal
Proprietor
Membership No. 403003
UDIN:26403003MUBYCC3748
Place: Kolkata
Date:28.04.2026



Electrosteel Brasil Ltda Tubos e Conexoes Duteis				
Balance Sheet as at 31st March 2026				
Amount in Brazilian Real				
Particulars		As at March 31, 2026		As at March 31, 2025
ASSETS				
Current assets				
(a) Financial Assets				
(i) Cash and cash equivalents	2	-		21.95
Total Assets		-		21.95
EQUITY AND LIABILITIES				
Equity				
(a) Equity Share capital	3	150,000.00		150,000.00
(b) Other Equity	4	(766,988.58)		(792,050.89)
LIABILITIES				
Non-current liabilities				
(a) Financial Liabilities				
(i) Borrowings	5	616,988.58		642,072.84
Total Equity and Liabilities		0.00		21.95
Corporate information, basis of preparation, significant accounting policies and the accompanying notes 1 to 8 are an integral part of the financial statements.				

For Abhishek R Agarwal & Co.

(Chartered Accountants)

Firm Regn. No.: 0330160E

Abhishek Agarwal

Proprietor

Membership No. 403003

UDIN: 26403003MUB8YCC3748

Place: KOLKATA

Date: 28-04-2026



For and on behalf of

Electrosteel Brasil Ltda Tubos e Conexoes Duteis

Paulo Sene
Director

Electrosteel Brasil Ltda Tubos e Conexoes Duteis			
Statement of Profit and Loss for the year ended 31st March 2026			
Particulars	Amount in Brazilian Real		
	As at March 31, 2026	As at March 31, 2025	
I Revenue From Operations	-	-	
II Other Income	-	-	
Total Income	-	-	
EXPENSES			
Other expenses	21.95	-	
Foreign Exchange Loss	(25,084.26)	87,055.33	
Total expenses	(25,062.31)	87,055.33	
Profit/(loss) before tax	25,062.31	(87,055.33)	
Tax expense:			
(1) Current tax	-	-	
(2) Deferred tax	-	-	
Profit/(loss) for the period	25,062.31	(87,055.33)	
Other Comprehensive Income			
A (i) Items that will not be reclassified to profit or loss	-	-	
(ii) Income tax relating to Items that will not be reclassified to profit or loss	-	-	
B (i) Items that will be reclassified to profit or loss	-	-	
(ii) Income tax relating to Items that will be reclassified to profit or loss	-	-	
Total Comprehensive Income for the period	25,062.31	(87,055.33)	
Corporate information, basis of preparation, significant accounting policies and the accompanying notes 1 to 8 are an integral part of the financial statements.			

For Abhishek R Agarwal & Co.
(Chartered Accountants)
Firm Regn. No.: 0330160E

Agarwal

Abhishek Agarwal
Proprietor
Membership No. 403003
UDIN: 26403003MUBYCC3748
Place: KOLKATA
Date: 28-04-2026

For and on behalf of
Electrosteel Brasil Ltda Tubos e Conexoes Duteis

Paulo Sene
Director



Electrosteel Brasil Ltda Tubos e Conexoes Duteis

Cash Flow Statement for the year ended 31st March, 2026

Particulars	Amount in Brazilian Real	
	For the year ended 31st March 2026	For the year ended 31st March 2025
A. Cash Flow from operating activities		
Profit/ (Loss) before tax	25,062.31	(87,055.33)
Adjustments for:		
Depreciation	-	-
Unrealised Foreign Exchange Fluctuation and translation	(25,084.26)	87,055.33
Operating profit before working capital changes	(21.95)	-
Adjustments for:		
Increase/(Decrease) in borrowings	-	-
Cash generated from operations	(21.95)	-
Direct taxes paid (net of refunds)	-	-
Cash Flow from operating activities (A)	(21.95)	-
B. Cash Flow from investing activities		
Purchase of fixed assets	-	-
Sale of Fixed Assets	-	-
Net Cash Flow from investing activities (B)	-	-
C. Cash Flow from financing activities		
Long Term Borrowings	-	-
Net Cash Flow from financing activities (C)	-	-
Net increase/(decrease) in cash and cash equivalents (A+B+C)	(21.95)	-
Cash and cash equivalents at the beginning of the year	21.95	21.95
Cash and cash equivalents at the end of the year	(0.00)	21.95

Notes:

The above Cash Flow Statements has been prepared under the "Indirect Method" as set out in the Accounting Standard 3 on "Cash Flow Statements".

This is the Cash Flow Statement referred to in our report of even date

Corporate information, basis of preparation, significant accounting policies and the accompanying notes 1 to 8 are an integral part of the financial statements.

For Abhishek R Agarwal & Co.
(Chartered Accountants)
Firm Regn. No.: 0330160E

Agarwal

Abhishek Agarwal
Proprietor

Membership No. 403003
UDIN: 26403003 MUBYCC 3748
Place: KOLKATA
Date: 28-04-2026

For and on behalf of
Electrosteel Brasil Ltda Tubos e Conexoes Duteis

Paulo
Director



ELECTROSTEEL BRASIL LTDA TUBOS E CONEXOES DUTEIS

Notes to the Financial Statements for the Year ended 31st March 2026

Description of Organisation

Electrosteel Brasil LTDA Tubos E Conexoes Duteis is a private company limited by shares and incorporated in Brasil, Registration no 17.581.655/0001-01 Its registered office is located at Sao Paulo (Bela Vista)

The company is principally engaged in the supply of ductile iron pipes and fittings.

1 Summary of Significant Accounting Policies

The Financial Statements have been prepared under the historical cost convention on accrual basis unless otherwise specified within these accounting policies.

1.1 Revenue Recognition

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. Items of Income/Expenditure are recognised on accrual basis, except specifically stated otherwise.

1.2 Inventory

Stocks are stated at lower of cost and net realisable value, being the estimated selling prices less costs to complete and sell.

Cost is based on the cost of purchase on a weighted average basis.

At each balance sheet date, stocks are assessed for impairment. If the 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 the Profit and Loss Account.

1.3 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

1.4 Cash and Cash Equivalents

For Financial Statement purposes, the company considers cash and cash equivalents to include all investments with an original maturity of ninety days or less.

1.5 Property, Plant and Equipment

Property, plant and equipment are stated at cost of acquisition or deemed cost on the date of transition and subsequent improvements thereto less accumulated depreciation and impairment losses, if any.

1.6 Depreciation of Tangible Fixed Assets

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.

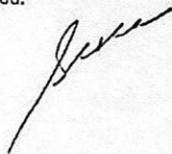
Gain/loss on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Profit and Loss account.

Depreciation methods, useful lives and residual values are reviewed, and adjusted as appropriate, at each reporting date.

1.7 Current tax and Deferred tax

Income tax expense representing the sum of current tax expenses and the net charge of the deferred taxes is recognized in the income statement except to the extent that it relates to items recognized directly in equity or other comprehensive income.

Current income tax is provided on the taxable income and recognized at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.



Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the Financial Statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

1.8 Provisions, Contingencies and Contingent Assets

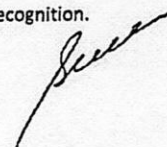
Provisions involving substantial degree of estimation in measurement are recognized when there is present obligation as a result of past events, it is probable that there will be an outflow of resources and a reliable estimate can be made, of the amount of obligation. Contingent assets are neither recognized nor disclosed in the financial statements. Contingent liabilities are not provided for and are disclosed by way of notes.

1.9 Financial assets and financial liabilities

Financial assets and financial liabilities (financial instruments) are recognised when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. The financial assets and financial liabilities are classified as current if they are expected to be realised or settled within operating cycle of the company or otherwise these are classified as non-current. All financial assets and financial liabilities in case not taken in reporting currency are aligned as per closing foreign exchange rate at the end of reporting period.

The classification of financial instruments whether to be measured at Amortized Cost, at Fair Value through Profit and Loss (FVTPL) or at Fair Value through Other Comprehensive Income (FVTOCI) depends on the objective and contractual terms to which they relate. Classification of financial instruments are determined on initial recognition.



ELECTROSTEEL BRASIL LTDA TUBOS E CONEXOES DUTEIS

Notes to the Financial Statements for the Year ended 31st March 2026

Amount in Brazilian Real

Particulars	As at March 31, 2026	As at March 31, 2025
2 Cash and Cash Equivalents		
Balances with banks		21.95
	-	21.95
3 Equity Share Capital		
Equity share, BRL 1 each		
150000 equity shares fully paid up*	150,000.00	150,000.00
	150,000.00	150,000.00
4 Other Equity		
Debit balance in Profit and Loss Account	(766,988.58)	(792,050.89)
	(766,988.58)	(792,050.89)
5 Borrowings		
Unsecured		
From related party	616,988.58	642,072.84
	616,988.58	642,072.84

6 The company has a negative net-worth as at the year end. The management is taking various steps to restructure the capital and borrowings in a manner to make the networth positive. Further steps to obtain support from the holding and other related parties are in progress. In view of the overall group support and existing business plan, the management has prepared these financial statements on a going concern basis.

7 The OECD Pillar Two Global Minimum Tax (Gloabe) rules are not applicable to the Company

8 Figures for previous period have been rearranged and/or regrouped wherever considered necessary.

