



SRIKALAHASTHI PIPES LIMITED

CIN: L74999AP1991PLC013391

Registered Office: Rachagunneri Village, Srialahasthi Mandal, Chittoor District, Andhra Pradesh - 517641

Phone: 08578 -286650 - 655; Fax: 08578-286688

E-mail ID: companysecretary@srialahasthipipes.com | Website: www.srialahasthipipes.com

NOTICE CONVENING MEETING OF SECURED CREDITORS OF SRIKALAHASTHI PIPES LIMITED PURSUANT TO ORDER DATED 30 APRIL 2021 OF THE HON'BLE NATIONAL COMPANY LAW TRIBUNAL, AMARAVATI BENCH AT HYDERABAD

MEETING	
Day	Wednesday
Date	16 June 2021
Time	1.00 PM, IST
Mode of Meeting	Through video conferencing / other audio-visual means
Mode of Voting	Remote e-voting and e-voting at the Meeting
Cut Off Date	Thursday, 31 December 2021
Remote e-voting start date and time	Friday, 11 June 2021, 9.00 AM IST
Remote e-voting end date and time	Tuesday, 15 June 2021, 5.00 PM IST

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THE NOTICE OF THE MEETING, EXPLANATORY STATEMENT UNDER SECTIONS 230 AND 232 READ WITH SECTION 102 AND OTHER APPLICABLE PROVISIONS OF THE ACT AND RULE 6 OF THE CAA RULES (PAGE NOS. 1-39) AND ANNEXURE I TO ANNEXURE VII (PAGE NOS. 40 TO 164) CONSTITUTE A SINGLE AND COMPLETE SET OF DOCUMENTS AND SHOULD BE READ TOGETHER AS THEY FORM AN INTEGRAL PART OF THIS DOCUMENT.

BEFORE THE HON'BLE NATIONAL COMPANY LAW TRIBUNAL, AMARAVATI BENCH AT
HYDERABAD

CA(A) MERGER & AMALGAMATION/4/230/AMR/2021

IN THE MATTER OF SECTIONS 230 TO 232 AND OTHER APPLICABLE PROVISIONS OF THE
COMPANIES ACT, 2013

AND

IN THE MATTER OF THE SCHEME OF AMALGAMATION OF SRIKALAHASTHI PIPES LIMITED WITH
ELECTROSTEEL CASTINGS LIMITED AND THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS

Srikalahasthi Pipes Limited, a company incorporated under)
provisions of Indian Companies Act, 1956 having)
Corporate Identity Number: L74999AP1991PLC013391 and)
its)
registered office at Rachagunneri Village, Srikalahasthi)
Mandal, Chittoor District, Andhra Pradesh: 517641) ... Applicant Company /
Transferor Company

NOTICE CONVENING MEETING OF SECURED CREDITORS

To,
**All the Secured Creditors of
Srikalahasthi Pipes Limited**

1. NOTICE is hereby given that, by an Order dated 30 April 2021 in the above mentioned Company Application, the Hon'ble National Company Law Tribunal, Amaravati Bench at Hyderabad ("**Tribunal**") ("**Tribunal Order**"), has directed a meeting of the secured creditors of the Company, to be held for the purpose of their considering, and if thought fit, approving, the proposed scheme of Amalgamation of Srikalahasthi Pipes Limited ("**Transferor Company**" or "**Company**") with Electrosteel Castings Limited ("**Transferee Company**") and their respective shareholders and creditors on a going concern basis under the provisions of Sections 230 to 232 of the Companies Act, 2013 ("**Scheme**") on Wednesday, 16 June, 2021 at 1.00 PM (IST).
2. Pursuant to the said Tribunal Order and as directed therein, the meeting of the secured creditors of the Company ("**Meeting**") will be held on Wednesday, the 16th day of June, 2021 through video conferencing ("**VC**") / other audio visual means ("**OAVM**"), in compliance with the applicable provisions of the Companies Act, 2013 ("**Act**") to consider, and if thought fit, pass, the following resolution for approval of the Scheme by requisite majority as prescribed under Section 230(1)and (6) read with Section 232(1) of the Act:

*"RESOLVED THAT pursuant to the provisions of Sections 230 to 232 and other applicable provisions of the Companies Act, 2013, the rules, circulars and notifications made thereunder (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) and subject to the provisions of the Memorandum and Articles of Association of the Company and subject to the approval of Hon'ble jurisdictional National Company Law Tribunal ("**NCLT**") and subject to such other approvals, permissions and sanctions of regulatory and other authorities, as may be necessary and subject to such conditions and modifications as may be deemed appropriate by the Parties to the Scheme, at any time and for any reason whatsoever, or which may otherwise be considered necessary, desirable or as may be prescribed or imposed by the NCLT or by any regulatory or other authorities, while granting such approvals, permissions*

and sanctions, which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the **"Board"**, which term shall be deemed to mean and include one or more Committee(s) constituted/to be constituted by the Board or any other person authorised by it to exercise its powers including the powers conferred by this Resolution), the arrangement embodied in the Scheme of Amalgamation of Srikalahasthi Pipes Limited with Electrosteel Castings Limited and their respective shareholders and creditors on a going concern basis (**"Scheme"**), be and is hereby approved;

RESOLVED FURTHER THAT the Board be and is hereby authorised to do all such acts, deeds, matters and things, as it may, in its absolute discretion, deem requisite, desirable, fit, appropriate or necessary to give effect to this Resolution and effectively implement the arrangement embodied in the Scheme and to make any modifications or amendments to the Scheme at any time and for any reason whatsoever, and to accept such modifications, amendments, limitations and/or conditions, if any, which may be required and/or imposed by the NCLT while sanctioning the arrangement embodied in the Scheme or by any authorities under law, or as may be required for the purpose of resolving any questions or doubts or difficulties that may arise including passing of such accounting entries and /or making such adjustments in the books of accounts as considered necessary in giving effect to the Scheme"

3. Take Further Notice that the secured creditors shall have the facility and option of voting on the resolution for approval of the Scheme by casting their votes electronically (a) through e-voting system available at the Meeting to be held virtually or (b) by remote electronic voting (**"remote e-voting"**) during the period as stated below:

REMOTE E-VOTING PERIOD	
Commencement of Voting	Friday, 11 June 2021, 9.00 AM IST
End of Voting	Tuesday, 15 June 2021, 5.00 PM IST

4. A secured creditors, whose name appears in the list of secured creditors as on the cut-off date, i.e., 31 December 2020 (**"Cut-off Date"**) only shall be entitled to exercise his/her/its voting rights on the resolution proposed in the Notice and attend the Meeting. A person who is not a secured creditor as on the Cut-Off Date, should treat the Notice for information purpose only.
5. A copy of the Scheme, Explanatory Statement under Sections 230 and 232 read with Section 102 and other applicable provisions of the Act and Rule 6 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 (**"CAA Rules"**) along with all annexures to such statement are enclosed herewith. A copy of this Notice and the accompanying documents are also placed on the website of the Company viz, www.srikalahasthipipes.com the website of Kfin Technologies Pvt Ltd viz., <https://evoting.kfintech.com> being the agency appointed by the Company to provide the e-voting and other facilities for convening of the Meeting; and the website of the Stock Exchanges, i.e., BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com. A copy of this Notice and the accompanying documentation can also be obtained free of charge between 10.30 a.m. to 12.30 p.m. on all working days, at the registered office of the Company at Rachagunneri Village, Srikalahasthi Mandal, Chittoor District, Andhra Pradesh: 517641
6. The Tribunal has appointed Mr Amir Bavani, Advocate to be the Chairperson for the Meeting. Further, the Tribunal has appointed Ms G Kalpana, Practicing Company Secretary to be the Scrutinizer for the Meeting.

7. The abovementioned Scheme, if approved at the aforesaid Meeting, will be subject to the subsequent sanction of the jurisdictional tribunal and such other approvals, permissions and sanctions of regulatory or other authorities, as may be necessary.

Sd/-
Mr Amir Bavani, Advocate
Chairman appointed
for the Meeting of Secured Creditors

Dated: 14-05-2021
Place: Hyderabad

Notes:

1. Pursuant to the directions of the Hon'ble National Company Law Tribunal, Amaravati Bench at Hyderabad vide its Order dated 30 April, 2021 ("Tribunal") as attached hereto as **Annexure VII**, the Meeting of the secured creditors of the Company is being conducted through Video Conferencing ("VC") / other audio visual means ("OAVM") facility to transact the business set out in the Notice convening this Meeting. As such, there shall be no physical attendance of secured creditors at the meeting in view of the present circumstances on account of the COVID-19 pandemic. The deemed venue for the Meeting shall be the Registered Office of the Company.
2. The Explanatory Statement pursuant to Sections 230 and 232 read with Section 102 and other applicable provisions of the Companies Act, 2013 ("Act") and Rule 6 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 in respect of the business set out in the Notice of the Meeting is annexed hereto.
3. A person, whose name appears in the list of secured creditors as on the Cut-Off Date only shall be entitled to exercise his/ her/ its voting rights on the resolution proposed in the Notice and attend the Meeting. A person who is not a secured creditor as on the Cut-Off Date, should treat the Notice for information purpose only.
4. **SINCE THIS MEETING IS BEING HELD THROUGH VC / OAVM, THERE WILL NOT BE ANY PHYSICAL ATTENDANCE OF SECURED CREDITORS. ACCORDINGLY, THE FACILITY FOR APPOINTMENT OF PROXIES BY THE SECURED CREDITORS WILL NOT BE AVAILABLE FOR THE MEETING AND HENCE THE PROXY FORM AND ATTENDANCE SLIP ARE NOT ANNEXED HERETO.**
5. No route map of the venue of the Meeting is annexed hereto, since this Meeting is being held through VC / OAVM.
6. Corporate Secured Creditors intending to send their authorised representatives to attend and vote at the Meeting through VC / OAVM are requested to send a duly certified scanned copy of the Board/Managing Committee Resolution (PDF / JPG Format), together with the specimen signature(s) of the representative(s) authorised under the said Resolution to attend and vote on their behalf at the Meeting, to the Scrutinizer by e-mail to kalpanagonugunta1@gmail.com with a copy marked to companysecretary@srikalahasthipipes.com.
7. The attendance of the Secured Creditors attending the Meeting through VC/OAVM will be counted for the purpose of reckoning the quorum, which shall be 2 (two) as per the terms of the Order of the NCLT. Further, the Order also directs that in case the required quorum for the Meeting is not present within half an hour from the time appointed of the Meeting, then the persons present shall be deemed to constitute the quorum.
8. The Secured Creditors can join the Meeting through VC / OAVM, 15 minutes before and 30 minutes after the scheduled time of the commencement of the Meeting by following the procedure mentioned in this Notice. The Secured Creditors will be able to view the proceedings and participate at the Meeting by logging into the e-Voting website at <https://evoting.kfintech.com>.
9. The Notice of the Meeting and the accompanying documents mentioned in the Index are being sent through electronic mode to the Secured Creditors at their respective last known email

addresses as per the records of the Company. For, those Secured Creditors whose e-mail addresses are not available with the Company, the Notice and the accompanying documents mentioned in the Index are being sent only through registered post or speed post.

10. The secured creditors may note that the aforesaid documents are also available on the website of the Company and can be accessed / downloaded using the link: <http://www.srikalahasthipipes.com/investors/amalgamation/regulation37.aspx> and on the website of the Stock Exchanges, i.e., BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com, respectively. If so desired, secured creditors may obtain a physical copy of the Notice and the accompanying documents, i.e., Scheme and the Explanatory Statement, etc., free of charge. A written request in this regard, may be addressed to the Company Secretary at the registered office of the Company at Rachagunneri Village, Srikalahasthi Mandal, Chittoor District, Andhra Pradesh: 517641
11. In accordance with the provisions of Sections 230 to 232 of the Act, the Scheme shall be acted upon only if majority of persons representing three fourth in value of the secured creditors of the Company, voting by electronic means, agree to the Scheme.
12. The Notice convening the Meeting, the date of dispatch of the Notice and the Explanatory Statement will be published through advertisement in the following newspapers, namely, (i) 'Business Standard' in English language; and (ii) translation thereof in Andhra Jyothi', in Telugu language.

15. PROCEDURE FOR JOINING THE MEETING THROUGH VC / OAVM

- a) **Attending E-Meeting Video conference :** Secured Creditors will be provided with a facility to attend the E-Meeting through video conferencing platform provided by M/s KFin Technologies Private Limited. Members may access the same at <https://emeetings.kfintech.com> and **click on the "video conference"** and access the shareholders/members login by using the remote e-voting credentials. The link for e-AGM will be available in shareholder/members login where the EVENT and the name of the company can be selected.
- b) Please note that the secured creditors who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice.
- c) Secured creditors are encouraged to join the Meeting through Laptops with Google Chrome for better experience.
- d) Further secured creditors will be required to allow Camera, if any, and hence use Internet with a good speed to avoid any disturbance during the meeting.
- e) Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.

- f) **Questions prior to E-Meeting:** Secured Creditors who would like to express their views/ask questions during the meeting may log into <https://emeetings.kfintech.com/> and click on “Post your Questions” may post their queries/views/questions in the window provided by mentioning the name, , email id, mobile number.. The “Post your Questions” shall commence on 13th June, 2021 9.00 AM and closes on 13th June, 2021 at 5.00 PM.
- g) Due to limitations of transmission and coordination during the Q&A session, the company may dispense with the speaker registration during the E-Meeting.
- h) **Speaker Registration during E-Meeting session:** In case of decision to allow the Q&A session in the meeting, secured creditors may log into <https://emeetings.kfintech.com/> and click on “Speaker Registration” by mentioning the name,, email id, mobile number and submit. The speaker registration shall commence on 13th June, 2021 9.00 AM and closes on 13th June, 2021 at 5.00 PM
16. The Company has engaged the services of **Kfin Technologies Private Limited** as the agency to provide the facility for remote e-voting and e-voting at the Meeting. The manner of voting using e-voting facility is provided in the instructions given below.
17. The remote e-voting facility will be available during the voting period specified above in the Notice.
18. The remote e-voting will not be allowed beyond the end date and time specified in the voting period as stated in the Notice and the remote e-voting module shall be forthwith disabled by **Kfin Technologies Private Limited** upon expiry of the aforesaid period.
19. Further, the facility for voting through electronic voting system will also be made available at the Meeting and secured creditors attending the Meeting who have not cast their votes by remote e-voting will be able to vote electronically at the Meeting through such facility.
20. **Voting rights of secured creditors shall be in proportion to the outstanding amount due by the Company as on the Cut-Off Date (specified in the Notice).**
21. Pursuant to the directions of the Hon’ble Tribunal, Ms G Kalpana, PCA shall act as Scrutiniser to scrutinise the process of remote e-voting and e-voting at the Meeting in a fair and transparent manner and they have communicated their willingness to be appointed and will be available for the said purpose.

22. **PROCEDURE FOR REMOTE E-VOTING AND E-VOTING AT THE MEETING**

Pursuant to the directions of the Tribunal given under the Tribunal Order and in terms of the provisions of section 108 of the Act, read with rule 20 of the Companies (Management and Administration) Rules, 2014 as amended (hereinafter called ‘the Rules’ for the purpose of this section of the Notice) and regulation 44 of the Listing Regulations, the Company is providing facility of remote e-voting to exercise votes on the items of business given in the Notice through electronic voting system, to the Secured creditors as on 31 December, 2020 (end of day), being the cut-off date fixed for determining voting rights of Secured creditors entitled to participate in the remote e-voting process,

through the e-voting platform provided by KFin or to vote at the e-EGM.

The details of the process and manner for remote e-voting are given below:

- i) Initial password is provided in the body of the email.
 - ii) Launch internet browser and type the URL: <https://evoting.kfintech.com> in the address bar.
 - iii) Enter the login credentials i.e. User ID and password mentioned in your email. Your Folio No./DP ID Client ID will be your User ID. However, if you are already registered with KFin for e-voting, you can use your existing User ID and password for casting your votes.
 - iv) After entering the details appropriately, click on LOGIN.
 - v) You will reach the password change menu wherein you are required to mandatorily change your password. The new password shall comprise of minimum 8 characters with at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character (@,#,\$,etc.). It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
 - vi) You need to login again with the new credentials.
 - vii) On successful login, the system will prompt you to select the EVENT i.e. Ex : Srikalahasthi Pipes Limited.
 - viii) On the voting page, the number of shares (which represents the number of votes) held by you as on the cut-off date will appear. If you desire to cast all the votes assenting/dissenting to the resolution, enter all shares and click 'FOR'/'AGAINST' as the case may be or partially in 'FOR' and partially in 'AGAINST', but the total number in 'FOR' and/or 'AGAINST' taken together should not exceed your total shareholding as on the cut-off date. You may also choose the option 'ABSTAIN' and the shares held will not be counted under either head.
 - ix) Members holding multiple folios/demat accounts shall choose the voting process separately for each folio/demat account.
 - x) Cast your votes by selecting an appropriate option and click on 'SUBMIT'. A confirmation box will be displayed. Click 'OK' to confirm, else 'CANCEL' to modify. Once you confirm, you will not be allowed to modify your vote subsequently. During the voting period, you can login multiple times till you have confirmed that you have voted on the resolution.
 - xi) Secured Creditors (i.e. other than individuals, HUF, NRI, etc.) are required to send scanned image (PDF/JPG format) of certified true copy of relevant board resolution/authority letter etc. together with attested specimen signature of the duly authorised signatory(ies) who is/are authorised to vote, to the Scrutinizer through email at kalpanagonuguntal@gmail.com and may also upload the same in the e-voting module in their login. The scanned image of the above documents should be in the naming format 'SPL_EVENT No.'
- Secured Creditors can cast their vote online from 11th June, 2021 (9.00 a.m.) till 15th June, 2021 (5.00 p.m.). Voting beyond the said date shall not be allowed and the remote e-voting facility shall be blocked.
- xii) In case of any queries/grievances, you may refer the Frequently Asked Questions (FAQs) for Members and e-voting User Manual available at the 'download' section of <https://evoting.kfintech.com> or call KFin on 1800 345 4001 (toll free).

23. The secured creditors who have cast their votes by remote e-voting may also attend the Meeting but shall not be entitled to cast their votes again at the Meeting. Once the vote on the resolution is cast by a secured creditor, whether partially or otherwise, the secured creditor will not be allowed to change it subsequently or cast the vote again.
24. A secured creditor can opt for only single mode of voting per EVEN, i.e., through remote e-voting or e-voting at the Meeting. If a secured creditor casts vote(s) by both modes, then voting done through remote e-voting shall prevail and vote(s) cast at the Meeting shall be treated as “INVALID”.
25. A person, whose name is recorded in the list of secured creditors as on the Cut-Off Date (specified in the Notice) only shall be entitled to avail the facility of remote e-voting or for participation and e-voting at the Meeting. A person who is not a secured creditor as on the Cut-Off Date, should treat the Notice for information purpose only.
26. The Company has opted to provide the same electronic voting system at the Meeting, as used during remote e-voting, and the said facility shall be operational till the resolution proposed in the Notice is considered and voted upon at the Meeting and may be used for voting only by the secured creditors as on the Cut-Off Date and who have not already cast their votes through remote e-voting.
27. **Secured Creditors are requested to note the following contact details for addressing e-voting related grievances:**
Mr. SV Raju, Dy. General Manager
KFin Technologies Private Limited
Selenium Building, Tower B, Plot No.31-32,
Financial District, Nanakramguda,
Serilingampally Mandal,
Hyderabad – 500 032
Phone No.: +91 40 67162222
Toll-free No.: 1800 345 001
E-mail: evoting@kfintech.com.
28. **Instructions for e-voting at the Meeting:**
- i) The e-Voting “Thumb sign” on the left hand corner of the video screen shall be activated upon instructions of the chairman during the E-Meeting proceedings. Secured creditors shall click on the same to take them to the “instapoll” page.
 - ii) Secured creditors to click on the “Instapoll” icon to reach the resolution page and follow the instructions to vote on the resolutions.
 - iii) Only those secured creditors, who are present in the E-Meeting and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available during the E-Meeting

29. The Scrutiniser will, after the conclusion of e-voting at the Meeting, scrutinise the votes cast at the Meeting and votes cast through remote e-voting, make a consolidated Scrutiniser's Report and submit the same to the Chairperson of the Meeting. The result of e-voting will be declared within forty-eight hours of the conclusion of the Meeting and the same, along with the consolidated Scrutiniser's Report, will be placed on the website of the Company: www.srikalahasthipipes.com]The result will simultaneously be communicated to the stock exchanges.
30. Subject to receipt of requisite majority of votes (as per Section 230 to 232 of the Act) the Resolution proposed in the Notice shall be deemed to have been passed on the date of the Meeting (specified in the Notice).

PROCEDURE FOR INSPECTION OF DOCUMENTS:

31. Documents for inspection as referred to in the Notice will be available electronically for inspection without any fee by the secured creditors from the date of circulation of this Notice up to the date of Meeting. Secured creditors seeking to inspect such documents can visit the "Investor Relations" section on the website of the Company at www.srikalahasthipipes.com.
32. Secured creditors seeking any information with regard to the Scheme or the matter proposed to be considered at the Meeting, are requested to write to the Company at least seven days before the date of the Meeting through email on companysecretary@srikalahasthipipes.com. The same will be replied to by the Company, suitably.
33. Secured creditors are requested to carefully read all the Notes set out herein and in particular, instructions for joining the Meeting, manner of casting vote through remote e-voting or e-voting at the Meeting.

**BEFORE THE HON'BLE NATIONAL COMPANY LAW TRIBUNAL, AMARAVATI BENCH AT HYDERABAD
CA(A) MERGER & AMALGAMATION/4/230/AMR/2021**

**IN THE MATTER OF SECTIONS 230 TO 232 AND OTHER APPLICABLE PROVISIONS OF THE
COMPANIES ACT, 2013**

AND

**IN THE MATTER OF THE SCHEME OF AMALGAMATION OF SRIKALAHASTHI PIPES LIMITED WITH
ELECTROSTEEL CASTINGS LIMITED AND THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS**

Srikalahasthi Pipes Limited, a company incorporated under)
provisions of Indian Companies Act, 1956 having)
Corporate Identity Number: L74999AP1991PLC013391 and)
its)
registered office at Rachagunneri Village, Srikalahasthi)
Mandal)
Chittoor District, Andhra Pradesh: 517641) ...Applicant Company /
Transferor Company

EXPLANATORY STATEMENT UNDER SECTIONS 230 TO 232 READ WITH SECTION 102 AND OTHER APPLICABLE PROVISIONS OF THE COMPANIES ACT, 2013 ("ACT") AND RULE 6 OF THE COMPANIES (COMPROMISES, ARRANGEMENTS AND AMALGAMATIONS) RULES, 2016 ("CAA RULES") TO THE NOTICE OF THE MEETING OF SECURED CREDITORS OF SRIKALAHASTHI PIPES LIMITED CONVENED PURSUANT TO ORDER OF THE HON'BLE NATIONAL COMPANY LAW TRIBUNAL, AMARAVATI BENCH AT HYDERABAD ("TRIBUNAL") DATED 30 APRIL2021 ("TRIBUNAL ORDER")

I. Meeting for the Scheme

This is a Statement accompanying the Notice convening the meeting of secured creditors of Srikalahasthi Pipes Limited ("**Company**" or "Transferor Company"), for the purpose of their considering and if thought fit, approving the proposed Scheme of Amalgamation of Srikalahasthi Pipes Limited with Electrosteel Castings Limited ("**Transferee Company**") and their respective shareholders and creditors on a going concern basis ("**Scheme**") which involves, inter alia, (a) the amalgamation of the Transferor Company with the Transferee Company and dissolution of the Company without winding up and consequent issuance of equity shares of the Transferee Company to the shareholders of the Company in accordance with the Scheme (b) Various other matters incidental, consequential or otherwise integrally connected therewith pursuant to Sections 230 to 232 and other relevant provisions of the Companies Act, 2013 in the manner provided for in the Scheme. The Appointed date for Amalgamation under the Scheme is 1st October 2020 A copy of the Scheme is attached hereto and marked **Annexure I**.

Capital terms not defined herein and used in the Notice and this Statement shall have the same meaning as ascribed to them in the Scheme.

II. Rationale and benefits of the Scheme:

The circumstances which justify and/or have necessitated the said Scheme and the benefits of the same are, inter alia, as follows:

- (i) The Transferor Company and Transferee Company are under the control of common promoter group. The Transferee Company along with its promoter group of companies are in a position to and do exercise control over the Transferor Company. The Transferor Company and Transferee Company are engaged in the same line of business, i.e., manufacture and sale of ductile iron pipes and both have common economic objective and strategic goals. It would be advantageous to combine the activities and operations in a single company leading to strong capability in effectively meeting future challenges of competitive business environment.
- (ii) The Amalgamation will enable the Companies to streamline their business activities into a single combined entity, thereby resulting in economies of scale and avoidance of undue duplication in work, reduction in common expenditure otherwise incurred by the two entities within common group, better and more productive utilization of financial, human and other resource and enhancement of overall business efficiency.
- (iii) The Amalgamation will result in significant reduction in multiplicity of legal and regulatory compliances which at present is required to be made separately by the Companies.
- (iv) The Amalgamation will result in simplification of the group structure and management structure with only one listed company in group leading to better administration and reduction in administrative and other costs from more focused operational efforts, rationalization, standardization and simplification of business processes.
- (v) The Amalgamation will enable the combined entity to leverage their consolidated resources to: (a) increase production capacities; (b) undertake research and development initiatives to improve manufacturing processes and final product; (c) serve the needs of a larger customer base leading to overall business domestically as well as overseas, (d) improved alignment of debt repayments with cash flow, and (d) improved credit rating.
- (vi) The synergies that exist between the two companies in terms of services and resources can be put to the best advantage of all stakeholders.
- (vii) The Scheme is envisaged to be in the best interests of the shareholders, employees and the creditors of the Transferor Company and the Transferee Company.

Thus, the Scheme of Amalgamation, as envisaged, would enable seamless access to strong business relationships, closer and better focused attention being given to the businesses which would get integrated, aligned and streamlined, leading to achievement of their full business and growth potential.

III. Background of the Companies:

(i) Particulars of the Company

- (a) Srikalahasthi Pipes Limited (CIN:L74999AP1991PLC013391) is a listed public company, limited by shares, incorporated under the provisions of the Companies Act, 1956 under the name "Lanco Ferro Limited" on 1 November 1991 with the Assistant Registrar of Companies, Hyderabad, under Company Registration Number 01- 13391 of 1991-92. The name of the Company was subsequently changed to "Lanco Industries Limited" on 6 July 1994. The name was further changed to "Srikalahasthi Pipes Limited" on 29 September 2014. Presently, the registered office of the Company is located at Rachagunneri Village,

Srikalahasthi Mandal, Chittoor District, Andhra Pradesh: 517641. The Company is engaged in the business of manufacture and sale of ductile iron pipes. The equity shares of the Company are listed on BSE Limited and National Stock Exchange of India Limited. The PAN of the Company is AAACL4108M. The email address of the Company is companysecretary@srikalahasthipipes.com and website is www.srikalahasthipipes.com. During the last five years, there has been no change in the name and registered office of the Company.

- (b) Main objects of the Company have been summarized as below for the perusal of the shareholders:

“iii (A) 1. To carry on trade and/or produce, manufacture, refine, make, contract, fabricate, shape treat, cure, process, prepare, import, export, purchase, sell & deal in all type and grades of composition of Iron & Steel including non-ferrous and ferrous materials such as pig iron, sponge iron / hot briquetted iron by any type of blast furnace, rotary vertical kiln or in any other methods, ductile iron pipes, flange pipes, flanges, special steel including stainless steel, iron masters, smelters, manganese and/or ferro alloys with technologies either developed departmentally, indigenously or with collaboration or using technology developed by independent persons, association of persons, institutions using indigenous or imported raw materials and fuels being either purchased & procured from local and other indigenous sources or obtained by exploiting and mining such material & fuel by the Company.

(B) 2.To acquire or amalgamate with any other Company whose objects include objects similar to those of this Company, whether by sale purchase (for fully or partly paid up shares or otherwise) of the undertaking, subject to liabilities of this or any such other company as aforesaid with or without winding up or by sale or purchase (for fully or partly paid up shares or otherwise) of all the shares or stock of this or any such other Company as aforesaid or by partnership or in any other manner.”

During the last 5 years, there has been no change in the objects clause of the Company.

- (c) The share capital structure of the Company as on 31 March 2021 is as under:

Authorised Share Capital	Amount (Rs.)
5,30,00,000 Equity Shares of Rs. 10/- each	53,00,00,000
Total	53,00,00,000
Issued, Subscribed and Paid up Share Capital	Amount (Rs.)
4,66,98,407 Equity Shares of Rs. 10/- each	46,69,84,070
Total	46,69,84,070

As on the date of this Notice, the share capital structure of the Company remains the same as stated hereinabove. The latest annual financial statements of the Company have been audited for the financial year ended on 31 March 2021. Audited Standalone Financial Results of the Company for the quarter and year ended 31 March 2021 is attached hereto as **Annexure II. A.**

- (d) The details of the promoter (including promoter group) of the Company as on 31 March, 2021 are as follows:

SI No	Name of Promoter/Promoter Group	Address
1.	Electrosteel Castings Limited	19 Camac Street, G K Tower, Kolkata 700017
2.	G K and Sons Private Limited	71, Park Street, Park Plaza Building, 4th Floor, Room No. 4D (South Block), Kolkata - 700 016
3.	Murari Investment & Trading Company Ltd.	71, Park Street, Park Plaza Building, 4th Floor, Room No. 4D (South Block), Kolkata - 700 016
4.	G.K. Investments Ltd.	71, Park Street, Park Plaza Building, 4th Floor, Room No. 4D (South Block), Kolkata - 700 016
5.	Uttam Commercial Company Ltd.	71, Park Street, Park Plaza Building, 4th Floor, Room No. 4D (South Block), Kolkata - 700 016

(e) The details of the Directors and Key Managerial Personnel ('KMP') of the Company are as follows:

SI No	Name of the Director/KMP	DIN/PAN	Designation	Address
1.	Mr. Rajkumar Khanna	05180042	Chairman, Independent Director	3A/503, Green Acres, Lokhandwala Complex, Andheri West, Azad Nagar, Mumbai - 400 053
2.	Mr. Mayank Kejriwal	00065980	Managing Director	Navnikunj, 13, Gurusaday Road, Kolkata - 700 019
3.	Mr. Gouri Shankar Rathi	00083992	Whole-time Director	Brindavan", 3/285, V V Subramaniam Salai, Nainar Kuppam, Uthandi Chennai-600119
4.	Mr. Ashutosh Agarwal	00115092	Non- Executive Director	33, Raja Santosh Road, Alipore, Kolkata - 700 027
5.	Mr. T Venkatesan	00124050	Non- Executive Director	Floor 1, 2 nd Street, Prithvi Avenue, Abhiramapuram Teynampet Chennai – 600 018
6.	Mrs. Priya Manjari Todi,	01863690	Non- Executive Director	Todi Niket, 2 Queens Park, Kolkata - 700 019
7.	Mr. Satyanarayana Mavireddy,	08604390	Nominee Director	5-5-79, Plot No.166, Near Park, Vanasthalipuram, Vanasthali Hills, LB

SI No	Name of the Director/KMP	DIN/PAN	Designation	Address
				Nagar, Hayath Nagar, Hyderabad – 500070, Tengana
8.	Dr. Mohua Banerjee	08350348	Independent Director	South City, Flat 31 C, Tower 1, 375, Prince Anwar Shah Road, Jodhpur Park, Kolkata - 700 068
9.	Mr. Santanu Nandan Goswami	ADHPG9379C	Chief Executive Officer	D/404, Peerless Nagar, 27, FBT Road, Kolkata Traffic More, Sodepur, Panihati (M), North 24 Paraganas, Panihati, West Bengal – 700 114
10.	Mr N Sivalai Senthilnathan	ALMPS6255Q	Chief Financial Officer	212, CPR Hill Ridge Apartments, Tirumala By-pass Road, Tirupati 517501
11.	Mr G. Kodanda Pani,	AFUPG7480B	Company Secretary	11-62, S.V.Nagar, M.R. Palli, Tirupati - 517502

(ii) Particulars of the Transferee Company

- (a) Electrosteel Castings Limited (CIN: L27310OR1955PLC000310) is a listed public company, limited by shares, incorporated under the Indian Companies Act, VII of 1913 under the name "Dalmia Iron and Steel Limited" on 26 November, 1955 with the Registrar of Companies, Orissa under Company Registration Number 000310 and subsequently, the name of the Transferee Company was changed to "Electrosteel Castings Limited" on 19 October, 1965. Presently, the registered office of the Transferee Company is located at Rathod Colony, Rajgangpur, Sundergarh, Odisha – 770 017. The PAN of the Transferee Company is AAACE4975B. The email address of the Transferee Company is companysecretary@electrosteel.com and website is www.electrosteel.com. During the last five years, there has been no change in the name and registered office of the Transferee Company. The Transferee Company is engaged in the business of manufacture and sale of ductile iron pipes and cast-iron pipes and ductile iron fittings. The equity shares of the Transferee Company are listed on BSE Limited and National Stock Exchange of India Limited. As on 31 December 2020, the Transferee Company holds 41.33% of the equity share capital of the Company.
- (b) Main objects of the Transferee Company have been summarized as below for the perusal of the shareholders:

"III. (1) To carry on the business of Iron founders, steel founders, non-ferrous metal founders, mechanical engineers, structural engineers, electrical engineers, manufacturers of pipes, manufacturers of grinding medias, manufacturers of agricultural implements

and other machineries, tool makers, metal workers, boiler makers, mill wright, mechanists, iron and steel converters, smiths, wood workers, builders, painters, metallurgists, water supply engineers, gas makers, farmers, printers, carriers and merchants, and to buy, sell, manufacture, repair, convert, alter let on hire and deal in machineries, implements, rolling stocks and hardware of all kinds, and to carry on any other business (manufacturing or otherwise) which may seem to the company capable of being conveniently carried on in connection with the above, or otherwise calculated directly or indirectly, to enhance the value of any of the company's property and rights for the time being.

III. (2) To carry on any business relating to the mining and working of minerals, mines, ores, mineral oils and mineral substances of all kinds, the production and working of metals, and the productions, manufacture, and preparation of any other materials which may be usefully or conveniently combined with the engineering or manufacturing business of the company, or any contracts undertaken by the company, and either for the purpose only of such contracts or as an independent business.

III. (18) To enter into partnership or into any arrangement for sharing profits, co-operation, joint adventure, reciprocal concessions or otherwise with the Government of India or any State Government in India or foreign state or any municipal or local authority, partnership, person, firm or company carrying on or engaged in or about to carry on or engage in any business or transaction which the Company is authorized to carry on or engage in or any business of transaction capable of being conducted so as directly or indirectly to benefit this company."

During the last 5 years, there has been no change in the objects clause of the Transferee Company.

- (c) The share capital structure of the Transferee Company as on 31 March, 2021 is as under:

Authorised Share Capital	Amount (Rs.)
50,02,00,000 Equity Shares of Re. 1/- each	50,02,00,000
Total	50,02,00,000
Issued, Subscribed and Paid up Share Capital	Amount (Rs.)
43,29,54,709 Equity Shares of Re. 1/- each	43,29,54,709
Total	43,29,54,709

As on the date of this Notice, the share capital structure of the Transferee Company remains the same as stated hereinabove. The latest annual financial statements of the Transferee Company have been audited for the financial year ended on 31 March 2020. Unaudited Standalone and Consolidated financial results (limited reviewed) of the Transferee Company for the quarter and nine months ended 31 December 2020 are attached hereto as **Annexure II. B.**

- (d) The Post Scheme share capital structure of the Transferee Company is as under:

Authorised Share Capital	Amount (Rs.)
103,02,00,000 Equity Shares of Re. 1/- each	103,02,00,000
Total	103,02,00,000
Issued, Subscribed and Paid up Share Capital*	Amount (Rs.)

59,45,98,124 Equity Shares of Re. 1/- each	59,45,98,124
Total	59,45,98,124

**Computed on the basis of Shareholding Pattern of the Transferee Company, as on 30 September, 2020*

(e) The details of the promoter (including promoter group) of the Transferee Company as on 31 March 2021 are as follows:

Sl No	Name of Promoter/Promoter Group	Address
1.	Mr. Umang Kejriwal / Mr. Mayank Kejriwal - Trustee of Sreeji Family Benefit Trust	G. K. Tower, 19, Camac Street, 5 th Floor, Kolkata - 700 017
2.	Mr. Uddhav Kejriwal	Nav-Nikunj, 13, Gurusaday Road, Kolkata - 700 019
3.	Mr. Mayank Kejriwal	Nav-Nikunj, 13, Gurusaday Road, Kolkata - 700 019
4.	Mrs. Asha Kejriwal	Nav-Nikunj, 13, Gurusaday Road, Kolkata - 700 019
5.	Uddhav Kejriwal (HUF)	Nav-Nikunj, 13, Gurusaday Road, Kolkata - 700 019
6.	Mr. Shashwat Kejriwal	Nav-Nikunj, 13, Gurusaday Road, Kolkata - 700 019
7.	Mrs. Pallavi Kejriwal	Nav-Nikunj, 13, Gurusaday Road, Kolkata - 700 019
8.	Ms. Samriddhi Kejriwal	Nav-Nikunj, 13, Gurusaday Road, Kolkata - 700 019
9.	Mrs. Priya Manjari Todi	Todi Niket, 2 Queens Park, Kolkata - 700 019
10.	Mr. Mayank Kejriwal, Mrs. Aarti Kejriwal - Trustee of Priya Manjari Trust	Nav-Nikunj, 13, Gurusaday Road, Kolkata - 700 019
11.	Mr. Uddhav Kejriwal, Mrs. Pallavi Kejriwal- Trustee of Samriddhi Trust	Nav-Nikunj, 13, Gurusaday Road, Kolkata - 700 019
12.	G K and Sons Private Limited	71, Park Street, Park Plaza Building, 4th Floor, Room No. 4D (South Block), Kolkata - 700 016
13.	Electrocast Sales India Limited	71, Park Street, Park Plaza Building, 4th Floor, Room No. 4D (South Block), Kolkata - 700 016
14.	Murari Investment & Trading Company Ltd.	71, Park Street, Park Plaza Building, 4th Floor,

Sl No	Name of Promoter/Promoter Group	Address
		Room No. 4D (South Block), Kolkata - 700 016
15.	G.K. Investments Ltd.	71, Park Street, Park Plaza Building, 4th Floor, Room No. 4D (South Block), Kolkata - 700 016
16.	Uttam Commercial Company Ltd.	71, Park Street, Park Plaza Building, 4th Floor, Room No. 4D (South Block), Kolkata - 700 016
17.	Sree Khemisati Constructions Pvt. Ltd	71, Park Street, Park Plaza Building, 4th Floor, Room No. 4D (South Block), Kolkata - 700 016
18.	Malay Commercial Enterprises Ltd.	71, Park Street, Park Plaza Building, 4th Floor, Room No. 4D (South Block), Kolkata - 700 016
19.	Sri Gopal Investments Ventures Ltd.	8, Camac Street, Shantiniketan Building, 6th Floor, Room No. 7, Kolkata - 700 017
20.	Global Exports Ltd.	19, Camac Street, 5 th Floor, Kolkata - 700 017
21.	Quinline Dealcomm Private Limited	71, Park Street, Park Plaza Building, 4th Floor, Room No. 4D (South Block), Kolkata - 700 016
22.	Escal Finance Services Ltd.	8, Camac Street, Shantiniketan Building, 6th Floor, Room No. 3, Kolkata - 700 017
23.	Ellenbarrie Developers Pvt. Ltd.	71, Park Street, Park Plaza Building, 4th Floor, Room No. 4D (South Block), Kolkata - 700 016
24.	Greenchip Trexim Pvt. Ltd.	8, Camac Street, Shantiniketan Building, 6th Floor, Room No. 7, Kolkata - 700 017
25.	Calcutta Diagnostics Centre (P) Ltd	8, Camac Street, Shantiniketan Building, 6th Floor, Room No. 7, Kolkata - 700 017
26.	Cubbon Marketing Pvt Ltd	71, Park Street, Park Plaza Building, 4th Floor, Room No. 4D (South Block), Kolkata - 700 016

(f) The details of the Directors and Key Managerial Personnel ('KMP') of the Transferee Company are as follows:

SI No	Name of the Director/KMP	DIN/PAN	Designation	Address
1.	Mr. Pradip Kumar Khaitan	00004821	Chairman, Independent Director	B-103 Rai Enclave, 7/1A Sunny Park, Ballygunge, Kolkata - 700 019
2.	Mr. Umang Kejriwal	00065173	Managing Director	Navnikunj, 13, Gurusaday Road, Kolkata - 700 019
3.	Mr. Mayank Kejriwal	00065980	Joint Managing Director	Navnikunj, 13, Gurusaday Road, Kolkata - 700 019
4.	Mr. Uddhav Kejriwal	00066077	Whole-time Director	Navnikunj, 13, Gurusaday Road, Kolkata - 700 019
5.	Mr. Shermadevi Yegnaswami Rajagopalan	00067000	Non-Executive Director	Udayan, UD-08-1003 1050/1, Survey Park, Kolkata - 700 075
6.	Mr. Binod Kumar Khaitan	00128502	Independent Director	5, Queens Park, Ballygunge, Kolkata - 700 019
7.	Mr. Amrendra Prasad Verma	00236108	Independent Director	304, Sheela Residency, East Boring Canal Road, Ps Budha Colony, Patna - 800 001
8.	Mr. Rajkumar Khanna,	05180042	Independent Director	3A/503, Green Acres, Lokhandwala Complex, Andheri West, Azad Nagar, Mumbai - 400 053
9.	Mr. Vyas Mitre Ralli	02892446	Non-Executive Director	Silver Spring, Flat-13B, Block-3, 5, JBS Halden Avenue, Kolkata - 700 105
10.	Mr. Mahendra Kumar Jalan	00311883	Whole-time Director	Flat 6B, 3C, National Library Avenue, Alipur, Kolkata - 700 027
11.	Mr. Sunil Katial	07180348	Chief Executive Officer and Whole-time Director	5J, Tower I, South City Residency, 375, Prince Anwar Shah Road, Kolkata - 700 068
12.	Dr. Mohua Banerjee	08350348	Independent Director	South City, Flat 31 C, Tower 1,

SI No	Name of the Director/KMP	DIN/PAN	Designation	Address
				375, Prince Anwar Shah Road, Jodhpur Park, Kolkata - 700 068
13.	Mr. Ashutosh Agarwal	ADBPA9564H	Executive Director (Group Finance) and CFO	33, Raja Santosh Road, Alipore, Kolkata - 700 027
14.	Mr. Indranil Mitra	APEPM4790C	Company Secretary	Prantik Housing Estate, Block A, Flat – 4, 60/67 B. T. Road, Kolkata – 700 002

IV. Salient Extracts of the Scheme

(i) Definitions

“Act” means the Companies Act, 2013 and the rules and regulations made thereunder, and includes any alterations, modifications, amendments made thereto and/or any re-enactment thereof.

“Amalgamation” means amalgamation of the Transferor Company with the Transferee Company, on a going concern basis in accordance with Sections 230 to 232 of the Act and Section 2(1B) of the Income-Tax Act, 1961, in terms of Chapter 2 of the Scheme.

“Applicable Laws” shall mean any statute, notification, bye-laws, rules, regulations, guidelines, rule of common law, policy, code, directives, ordinance, orders or instructions having the force of law enacted or issued by any Governmental Authority including any statutory modification or re-enactment thereof for the time being in force.

“Appointed Date” means opening business hours of 1 October 2020, or such other date as may be determined by the Board of Directors of the Transferor Company and the Transferee Company or directed by the NCLT and is the date with effect from which the Scheme shall, upon sanction of the same by the NCLT, be deemed to have become operative.

“Effective Date” means the last of the dates on which all the conditions and matters as referred to in Clause 22 of the Scheme occur or have been fulfilled, obtained or waived in accordance with this Scheme. Further, the reference in the Scheme to “upon the Scheme becoming effective” or “effectiveness of the Scheme” or “upon coming into effect of the Scheme” shall mean the Effective Date.

“NCLT” means the National Company Law Tribunal, Amaravati Bench and/or the National Company Law Tribunal, Amaravati Bench, as applicable, including Principal Bench of National Company Law Tribunal at New Delhi.

“Record Date” means the date to be fixed by the Board of Directors of the Transferor Company and the Transferee Company for the purpose of determining the shareholders of the Transferor Company to whom shares of the Transferee Company will be allotted pursuant to this Scheme.

“Registrar of Companies” means the Registrar of Companies at Andhra Pradesh for the Transferor Company and the Registrar of Companies at Odisha for the Transferee Company.

“SEBI Circular” means the Circular CFD/DIL3/CIR/2017/21 dated 10 March 2017 issued by SEBI, as amended, modified or replaced from time to time.

(ii) **Date of taking effect and Operative Date**

The Scheme set out herein in its present form or with any modification(s) approved or imposed or directed by any authority, unless otherwise specified in the Scheme, shall become operative from the Appointed Date but shall come into effect from the Effective Date. Therefore, for all regulatory and tax purposes, the Amalgamation would be deemed to be operative from the Appointed Date of this Scheme.

(iii) **Amalgamation of the Transferor Company with the Transferee Company**

- a) Upon coming into effect of the Scheme and with effect from the Appointed Date, the Transferor Company (including the entire Undertaking(s) of the Transferor Company) shall, pursuant to the sanction of the Scheme by the NCLT and pursuant to the provisions of Sections 230 to 232 of the Act, stand transferred to and vested in and/or be deemed to have been transferred to and vested in the Transferee Company, as a going concern, in accordance with Section 2(1B) of the Income Tax Act without any further act, instrument, deed, matter or thing, so as to become, as and from the Appointed Date, part of the Transferee Company by virtue of and in the manner provided in this Scheme.
- b) Pending the Scheme coming into effect, the Transferor Company and the Transferee Company may continue to provide security for each other's commitments provided however, the Scheme shall not operate to enlarge the security for any loan, deposit or facility availed of either by the Transferor Company or by the Transferee Company and the Transferee Company shall not in any manner be obliged to create further or additional security there for after the Effective Date or otherwise.
- c) Upon the Scheme coming into effect the assets and liabilities of the Transferor Company shall stand pooled with the assets and liabilities of the Transferee Company in accordance with the relevant Indian accounting standard on business combinations.
- d) All Liabilities, whether or not provided in the books of the Transferor Company, shall, under the provisions of Sections 230 and 232 of the Act, without any further act, instrument, deed, cost or charge and without any notice or other intimation to any third party for the transfer of the same, be and stand transferred to and vested in and be deemed to have been transferred to and vested in the Transferee Company as a part of the transfer of the Undertaking as a going concern and the same shall be assumed by the Transferee Company, to the extent they are

outstanding on the Effective Date so as to become on and from the Appointed Date, the Liabilities of the Transferee Company on the same terms and conditions as were applicable to the Transferor Company, and the Transferee Company shall meet, discharge and satisfy the same. Further, it shall not be necessary to obtain the consent of any third party or other person who is a party to any contract or arrangement by virtue of which such Liabilities have arisen in order to give effect to the provisions of this Clause.

- e) Upon coming into effect of this Scheme, all permanent employees, who are on the payrolls of the Transferor Company, including key managerial personnel engaged on contract basis and contract laborers and interns/trainees of the Transferor Company, as on the Effective Date,, shall become employees of the Transferee Company with effect from the Effective Date, on such terms and conditions as are no less favourable than those on which they are currently engaged by the Transferor Company, without any interruption of service as a result of this Amalgamation and transfer. With regard to provident fund, gratuity, leave encashment and any other special scheme or benefits created or existing for the benefit of such employees of the Transferor Company, upon this Scheme becoming effective, the Transferee Company shall stand substituted for the Transferor Company for all purposes whatsoever, including with regard to the obligation to make contributions to relevant authorities, in accordance with the provisions of Applicable Laws or otherwise. It is hereby clarified that upon this Scheme becoming effective, the aforesaid benefits or schemes shall continue to be provided to the transferred employees and the services of all the transferred employees of the Transferor Company for such purpose shall be treated as having been continuous.
- f) The existing provident fund, employee state insurance contribution, gratuity fund, superannuation fund, staff welfare scheme and any other special scheme (including without limitation any employees stock option plan) or benefits created by the Transferor Company for its employees shall be continued on the same terms and conditions or be transferred to the existing provident fund, employee state insurance contribution, gratuity fund, superannuation fund, staff welfare scheme, etc., being maintained by the Transferee Company or as may be created by the Transferee Company for such purpose. It is the intent that all rights, duties, powers and obligations of Transferor Company in relation to such fund or funds shall stand transferred to the Transferee Company without need of any fresh approval from any statutory authority. Pending such transfer, the contributions required to be made in respect of such employees shall continue to be made by the Transferee Company to the existing funds maintained by the Transferor Company.
- g) All proceedings of whatsoever nature (legal and others, including any suits, appeals, arbitrations, execution proceedings, revisions, writ petitions, if any) by or against the Transferor Company shall not abate, be discontinued or be in any way prejudicially affected by reason of the transfer of the Undertaking or anything contained in this Scheme but the said proceedings, shall, till the Effective Date be continued, prosecuted and enforced by or against the Transferor Company, as if this Scheme had not been made.
- h) Upon the coming into effect of this Scheme, all suits, actions, and other proceedings including legal and taxation proceedings, (including before any statutory or quasi-judicial authority or tribunal) by or against the Transferor Company, whether pending

and/or arising on or before the Effective Date shall be continued and / or enforced by or against the Transferee Company as effectually and in the same manner and to the same extent as if the same had been instituted and/or pending and/or arising by or against the Transferee Company.

(iv) **Conduct of Business**

With effect from the Appointed Date and up to and including the Effective Date:

- a) the Transferor Company shall carry on and be deemed to have carried on all business and activities and shall hold and stand possessed of and shall be deemed to hold and stand possessed of the of all its estates, assets, rights, title, interest, authorities, contracts, investments and strategic decisions and the entire business for and on account of, and in trust for, the Transferee Company.
- b) all profits and income accruing or arising to the Transferor Company, and losses and expenditure arising or incurred by the Transferor Company for the period commencing from the Appointed Date shall, for all purposes, be treated as and be deemed to be the profits, income, losses or expenditure, as the case may be, of the Transferee Company.

(v) **Consideration**

- a) Upon the coming into effect of this Scheme, the share certificates, if any, and/or the shares in electronic form representing the shares held by the Transferee Company in the Transferor Company shall be deemed to be cancelled without any further act or deed for cancellation thereof by the Transferee Company, and shall cease to be in existence accordingly.
- b) Upon the Scheme coming into effect and in consideration of the Amalgamation, the shareholders of the Transferor Company (other than for shares already held by the Transferee Company in the Transferor Company), whose name appear in the Register of Members as on the Record Date (as defined in the Scheme), or to their respective heirs, executors, administrators or other legal representatives or the successors-in-title as the case may be, shall be eligible to receive 59 (fifty nine) fully paid up equity shares of Re. 1/- each of the Transferee Company for every 10 (ten) fully paid up equity shares of Rs. 10/- each of the Transferor Company held by such shareholder.
- c) Fractional entitlements to which the members of the Transferor Company may be entitled on issue and allotment of equity shares in the Transferee Company, shall be rounded off to the nearest upward integer for the purposes of determining the number of equity shares in the Transferee Company to be allotted by the Transferee Company to the members of the Transferor Company pursuant to Clause 18.2 of the Scheme. The Board of Directors of the Transferee Company, if it deems necessary, in the interest of allottees, approve such other method in this behalf as it may, in its absolute discretion, deem fit.
- d) The equity shares of Transferee Company to be issued to the shareholders of the Transferor Company under Clause 18.2 of the Scheme will be listed with BSE and NSE and admitted for trading and the Transferee Company shall comply with the

requirements of the SEBI Circular and take all steps to get the equity shares to be issued pursuant to the Scheme listed on BSE and NSE on which the equity shares of the Transferor Company are listed, in accordance with relevant regulations. The Transferee Company shall enter into such arrangement and issue such confirmations and/or undertakings as may be necessary in accordance with the Applicable Laws or regulation for the above purpose.

- e) The equity shares of the Transferee Company issued in terms of this Scheme shall pursuant to the SEBI Circular and subject to compliance with requisite formalities be listed and/or admitted to trading on the relevant Stock Exchange(s) where the existing equity shares of the Transferor Company are listed and/or admitted to trading, i.e., BSE and NSE. The Transferee Company shall enter into such arrangement and issue such confirmations and/or undertakings as may be necessary in accordance with the Applicable Laws or regulation for the above purpose. On such formalities being fulfilled, the Stock Exchanges shall list and/or admit such equity shares issued pursuant to this Scheme, for the purpose of trading.

(vi) **Accounting Treatment**

- a) The Transferee Company shall record the assets, liabilities and reserves of the Transferor Company, as on Appointed Date, vested in it pursuant to the Scheme at their respective carrying values as per 'Pooling of Interest Method' of accounting as per Indian Accounting Standard (Ind AS) 103 (Business Combination) in accordance with Appendix C of 'Business Combinations of entities under common control' under the Companies (Indian Accounting Standards) Rules, 2015. No adjustment shall be made to reflect the fair values, or recognise any new assets or liabilities.
- b) The identity of the reserves of Transferor Company shall be preserved and shall appear in the financial statements of the Transferee Company in the same form, in which they appeared in the financial statements of the Transferor Company.
- c) Upon coming into effect of this Scheme, the Transferee Company shall issue new equity shares to the shareholders of the Transferor Company (other than for shares, if any, held by Transferee Company into the Transferor Company). These new equity shares shall be issued and recorded at face value and accordingly the aggregate face value of the shares to be issued shall be credited to Transferee Company's share capital account.
- d) The carrying value of investments in the financial statements of the Transferee Company in the equity share capital of the Transferor Company shall stand cancelled pursuant to the Scheme becoming effective and there shall be no further obligation in that behalf.
- e) Upon coming into effect of this Scheme, to the extent there are inter-corporate loans / advances, deposits balances or other obligations as between Transferor Company and the Transferee Company, the obligations in respect thereof shall come to an end and corresponding effect shall be given in the books of accounts and records of the Transferee Company for the reduction of any assets or liabilities, as the case may be.
- f) The amount of difference between, (i) the face value of new shares issued and

allotted to the shareholders of the Transferor Company and cancellation of the investments, if any, held by Transferee Company into the Transferor Company and (ii) the carrying value of net assets (including the reserves), would be adjusted against capital reserves.

(vii) **Dissolution**

Upon the coming into effect of the Scheme, the Transferor Company shall, without any further act, instrument or deed, stand dissolved without winding-up.

(viii) **Reorganisation and combination of Authorised Share Capital**

- a) Upon this Scheme becoming effective, pursuant to the applicable provisions of the Act and Article V of the Memorandum of Association of the Transferor Company and Transferee Company, the authorized share capital of the Transferor Company as on the Effective Date shall be transferred to the Transferee Company. Immediately thereafter, as an integral part of this Scheme, the authorized share capital of the Transferor Company comprising of equity shares of face value of Rs 10 (Rupees Ten) each, shall be split and be reclassified as equity share of face value of Re 1 (Rupee One) each and get combined with the authorized share capital of the Transferee Company. Pursuant immediately to the reclassification and consolidation of authorized share capital as envisaged above, the Memorandum of Association of the Transferee Company shall automatically stand amended and altered.
- b) The filing fees (including registration fees, if any) paid on the authorised share capital of the Transferor Company shall be set-off against any filing fees payable by the Transferee Company on increase of its authorised share capital pursuant to the amalgamation. The Transferee Company shall file the requisite documents with the Registrar of Companies, which has jurisdiction over the Transferee Company, for the increase of the authorised share capital of the Transferee Company, as aforesaid.

(ix) **Conditions to effectiveness of the Scheme**

The coming into effect of this Scheme is conditional upon and subject to:

- a) pursuant to provisions of the Competition Act, 2002 (including any statutory modification or re-enactment thereof) and the rules and regulations thereunder, the first of the CCI (or any appellate authority in India having appropriate jurisdiction) having either:
 1. granted approval to the Scheme; or
 2. been deemed to have granted approval to the Scheme through the expiration of time periods available for their investigation.
- b) the Stock Exchanges having issued their observation / no-objection letter as required under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, read with the SEBI Circular.
- c) the Scheme being approved by the respective requisite majorities of the various classes of members (passed through postal ballot / e-voting as applicable) and

secured and unsecured creditors (as applicable) of the Transferor Company and the Transferee Company as required under the Act and as applicable under SEBI Circular, subject to any dispensation that may be granted by the NCLT.

- d) pursuant to the para I(A)(9)(b) of Annexure I to SEBI Circular, the Scheme shall be acted upon only if the votes cast by the public shareholders in favour of the proposal are more than the number of votes cast by the public shareholders against it in relation to both the Transferor Company and the Transferee Company. The term 'public' shall carry the same meaning as defined in Rule 2 of the Securities Contracts (Regulation) Rules, 1957.
- e) sanctions and Order under provisions of the Sections 230 to 232 of the Act being obtained from NCLT.
- f) the certified copy of the Orders of NCLT approving this Scheme being uploaded and filed at the portal of Ministry of Corporate Affairs.

(x) **Compliance with Tax Laws**

This Scheme is in compliance with the conditions relating to "Amalgamation" as specified under Section 2(1B) of the Income Tax Act. If any terms or provisions of the Scheme are found or interpreted to be inconsistent with the provisions of the said Section at any time including resulting from a retrospective amendment of law or for any other reason whatsoever, till the time the Scheme becomes effective, the provisions of the said Section of the Income Tax Act shall prevail and the Scheme shall stand modified to the extent determined necessary to comply with Section 2(1B) of the Income Tax Act.

V. Relationship subsisting between Parties to the Scheme

As on 31 December, 2020, the Transferee Company holds 41.33% of the equity share capital of the Company. Further, the Company is a subsidiary of the Transferee Company, since the Transferee Company exercises control over the Company.

VI. Board approvals

- (i) The Board of Directors of the Company at its Meeting held on 5 October 2020 approved the Scheme, as detailed below:

Sl No	Name of Director	Voted in favour / against / did not participate or vote
1.	Mr. Rajkumar Khanna	Voted in favour
2.	Mr. Mayank Kejriwal	Voted in favour
3.	Mr. Gouri Shankar Rathi	Voted in favour
4.	Mr. Ashutosh Agarwal	Voted in favour
5.	Mr. T Venkatesan	Voted in favour
6.	Mrs. Priya Manjari Todi,	Voted in favour
7.	Mr. Satyanarayana Mavireddy,	Abstained from Voting

- (ii) The Board of Directors of the Transferee Company at its Meeting held on October 5, 2020 approved the Scheme, as detailed below:

Sl No	Name of Director	Voted in favour / against / did not participate or vote
1.	Mr. Pradip Kumar Khaitan	Voted in favour
2.	Mr. Umang Kejriwal	Absent
3.	Mr. Mayank Kejriwal	Voted in favour
4.	Mr. Uddhav Kejriwal	Voted in favour
5.	Mr. Shermadevi Yegnaswami Rajagopalan	Voted in favour
6.	Mr. Binod Kumar Khaitan	Voted in favour
7.	Mr. Amrendra Prasad Verma	Voted in favour
8.	Mr. Rajkumar Khanna,	Voted in favour
9.	Mr. Vyas Mitre Ralli	Voted in favour
10.	Mr. Mahendra Kumar Jalan	Voted in favour
11.	Mr. Sunil Katial	Voted in favour
12.	Dr. Mohua Banerjee	Voted in favour

VII. Interest of Directors, Key Managerial Personnel (KMPs), their relatives and Debenture Trustee

- (i) None of the Directors, KMPs (as defined under the Act and rules framed thereunder) of the Company and their respective relatives (as defined under the Act and rules framed thereunder) has any interest in the Scheme except to the extent of their shareholding in the Company, if any. Save as aforesaid, none of the said Directors or the KMPs or their respective relatives has any material interest in the Scheme.
- (ii) The Company has no outstanding debentures and hence, does not have Debenture Trustee
- (iii) None of the Directors, KMPs (as defined under the Act and rules framed thereunder), as applicable, of the Transferee Company and their respective relatives (as defined under the Act and rules framed thereunder), has any interest in the Scheme except to the extent of their shareholding in the Transferee Company, if any. Save as aforesaid, none of the said Directors or the KMPs, as applicable, or their respective relatives has any material interest in the Scheme.
- (iv) The Transferee Company has no outstanding debentures and hence, does not have Debenture Trustee.

VIII. Effect of Scheme on stakeholders

- (i) The Report of the Board of Directors of the Company, pursuant to Section 232(2)(c) of the Act is attached hereto as **Annexure III. A**. The effect of the Scheme on various stakeholders is summarized below:

Sl No	Category of Stakeholders	Effect of the Scheme on the Stakeholder
1.	Equity Shareholders: Promoters and Non-Promoters of the Transferor	(a) Under the Scheme, an arrangement is sought to be entered into between the Transferor Company and the Transferee Company and their respective shareholders and creditors.

SI No	Category of Stakeholders	Effect of the Scheme on the Stakeholder
	Company	<p>(b) Upon the coming into effect of this Scheme, the share certificates, if any, and/or the shares in electronic form representing the shares held by the Transferee Company in the Transferor Company shall be deemed to be cancelled without any further act or deed for cancellation thereof by the Transferee Company, and shall cease to be in existence accordingly</p> <p>(c) Upon the sanctioning of the Scheme and in terms of Clause 18 of the Scheme, the Transferee Company shall issue and allot its equity shares to the equity shareholders (both Promoter (except ECL) and Non-Promoter shareholders) of the Transferor Company.</p> <p>(d) Upon the Scheme coming into effect and in consideration of the Amalgamation, the shareholders of the Transferor Company (other than for shares already held by the Transferee Company in the Transferor Company), whose name appear in the register of member as on the Record Date (as defined in the Scheme) or to their respective heirs, executors, administrators or other legal representatives or the successors-in-title as the case may be, shall be eligible to receive 59 fully paid up equity shares of Re 1/- each of the Transferee Company for every 10 fully paid up equity shares of Rs 10/- each of the Transferor Company held by such shareholder.</p> <p>(e) The Share Exchange Ratio mentioned above has been arrived at based on the valuation report jointly issued by M/s Sharp & Tannan, an independent Chartered Accountants and M/s R.V. Shah and Associates, an independent Chartered Accountants. Finshore Management Services Limited and Ashika Capital Limited, SEBI Registered independent merchant bankers have provided fairness report on the fairness of the Share Exchange Ratio determined for the amalgamation of Transferor Company with Transferee Company. Based on the recommendations of the Audit Committees of Transferor Company and that of Transferee Company, the valuation report and fairness report as aforesaid have been duly approved by the Board of Directors of both, Transferor Company and Transferee Company.</p> <p>(f) The equity shares to be issued on Amalgamation shall rank <i>pari passu</i> with the existing equity shares of the Transferee Company.</p>

SI No	Category of Stakeholders	Effect of the Scheme on the Stakeholder
		<p>(g) The equity shares to be issued and allotted by the Transferee Company in terms of the Scheme shall be subject to the provisions of the Memorandum and Articles of Association of Transferee Company.</p> <p>(h) The equity shares to be issued to the shareholders of the Transferor Company will be listed with BSE Limited and National Stock Exchange of India Limited and admitted for trading.</p> <p>(i) The equity shares to be issued by the Transferee Company pursuant to this Scheme in respect of any equity shares of the Transferor Company which are held in abeyance under the Companies Act, 2013 or otherwise shall, pending allotment or settlement of dispute by order of a court or otherwise, also be kept in abeyance by the Transferee Company.</p> <p>(j) The promoters of the Transferor Company are also promoters of Transferee Company and shall continue to be promoters of the Transferee Company after the effectiveness of the Scheme.</p> <p>(k) Since the Promoter and Non-Promoter shareholders of the Transferor Company are being issued shares in the same proportion, the rights of non-promoter shareholders of the Transferor Company are not being affected under the Scheme of Amalgamation.</p>
2.	Employees	<p>(a) Under Clause 11 of the Scheme on and from the Effective Date (as defined in the Scheme), the Transferee Company shall engage all employees, including key managerial personnel of the Transferor Company on the same terms and conditions on which they are engaged by the Transferor Company without any interruption of service and in the manner provided under the Scheme. In the circumstances, the rights of the employees of the Transferor Company would in no way be affected by the Scheme. The employees of the Transferor Company shall continue to remain employees in the Transferor Company on the same terms and conditions. The services of the employees of the Transferor Company will not be retrenched due to amalgamation</p> <p>(b) Please refer to SI No 1 above for details regarding the effect of the Scheme on the employees who are also shareholders of the Transferee Company.</p>

Sl No	Category of Stakeholders	Effect of the Scheme on the Stakeholder
		<p>(c) The contributions made by Transferor Company in respect of its employees under applicable law, to the provident fund, gratuity fund, leave encashment fund and any other special scheme or benefits created, for the period after the Appointed Date (as defined in the Scheme) shall be deemed to be contributions made by Transferee Company.</p>
3.	Key Managerial Personnel	<p>(a) Under Clause 11 of the Scheme on and from the Effective Date (as defined in the Scheme), the Transferee Company shall engage all the key managerial personnel, who are also employees of the Transferor Company, on the same terms and conditions on which they are engaged by the Transferor Company without any interruption of service and in the manner provided under the Scheme.</p> <p>(b) Under the Scheme on and from the Effective Date, the Transferor Company will stand dissolved without winding up. In the circumstances, the Key Managerial Personnel of the Transferor Company will cease to be the Key Managerial Personnel of the Transferor Company.</p> <p>(c) Please refer to Sl. No. 1 above for details regarding the effect of the Scheme on the Key Managerial Personnel who are also shareholders of the Transferor Company.</p> <p>(d) The contributions made by Transferor Company in respect of its employees under applicable law, to the provident fund, gratuity fund, leave encashment fund and any other special scheme or benefits created, for the period after the Appointed Date (as defined in the Scheme) shall be deemed to be contributions made by Transferee Company.</p> <p>(e) Thus, there will no adverse effect of the Scheme on the Key Managerial Personnel of the Company.</p>
4.	Creditors	<p>(a) Under the Scheme no arrangement is sought to be entered into between the Transferor Company and its secured and unsecured creditors.</p> <p>(b) As per Clause 9 of the Scheme, all liabilities of the Transferor Company shall stand transferred to the Transferee Company</p> <p>(c) The interest of the creditors of the Transferor</p>

Sl No	Category of Stakeholders	Effect of the Scheme on the Stakeholder
		Company shall not be impacted in any manner.
5.	Board of Directors of the Transferor Company	Under the Scheme on and from the Effective Date, the Transferor Company will stand dissolved without winding up and accordingly the Board shall cease to exist.
6.	Debenture Holders and Debenture Trustee	As on date, the Transferor Company has no outstanding debentures and therefore, the effect of the Scheme on any such debenture holders and debenture trustee does not arise
7.	Depositors and Deposit Trustee	As on date, the Transferor Company has no outstanding public deposits and therefore, the effect of the Scheme on any such public deposit holders or deposit trustee does not arise

- (ii) The Report of the Board of Directors of the Transferee Company, pursuant to Section 232(2)(c) of the Act is attached hereto as **Annexure III. B**. The effect of the Scheme on various stakeholders is summarized below:

Sl. No.	Category of Stakeholders	Effect of the Scheme on the Stakeholder
1.	Equity Shareholders: Promoters and Non-Promoters of the Transferee Company	<p>(a) Under the Scheme, an arrangement is sought to be entered into between the Transferor Company and the Transferee Company and their respective shareholders and creditors.</p> <p>(b) Upon the coming into effect of this Scheme, the share certificates, if any, and/or the shares in electronic form representing the shares held by the Transferee Company in the Transferor Company shall be deemed to be cancelled without any further act or deed for cancellation thereof by the Transferee Company, and shall cease to be in existence accordingly</p> <p>(c) Upon the sanctioning of the Scheme and in terms of Clause 18 of the Scheme, the Transferee Company shall issue and allot equity shares of the Transferee Company to the equity shareholders (both Promoter (except ECL) and Non-Promoter shareholders) of the Transferor Company.</p> <p>(d) Upon the Scheme coming into effect and in consideration of the Amalgamation, the shareholders of the Transferor Company (other than the shares already held by the Transferee Company in the Transferor Company), whose name appear in the Register of Members as on the Record Date (as defined in the Scheme) or to their respective heirs, executors, administrators or other legal representatives or the successors-in-title as the case may be, shall be eligible to receive 59 fully paid up</p>

Sl. No.	Category of Stakeholders	Effect of the Scheme on the Stakeholder
		<p>equity shares of Re. 1/- each of the Company for every 10 fully paid up equity shares of Rs. 10/- each of the Transferor Company held by such shareholder.</p> <p>(e) The Share Exchange Ratio mentioned above has been arrived at based on the valuation report (i) jointly issued by M/s Sharp & Tannan, an independent Chartered Accountants and M/s R.V. Shah and Associates, an independent Chartered Accountants and (ii) Ms Rashmi Shah, FCA, Registered Valuer. Finshore Management Services Limited and Ashika Capital Limited, independent SEBI Registered merchant bankers have provided fairness report on the fairness of the Share Exchange Ratio determined for the amalgamation of Transferor Company with Transferee Company. Based on the recommendations of the Audit Committees of Transferor Company and that of Transferee Company, the valuation report and fairness report as aforesaid have been duly approved by the Board of Directors of both, Transferor Company and Transferee Company.</p> <p>(f) The equity shares to be issued on Amalgamation shall rank <i>pari passu</i> with the existing equity shares of the Transferee Company.</p> <p>(g) The equity shares to be issued and allotted by the Transferee Company in terms of the Scheme shall be subject to the provisions of the Memorandum and Articles of Association of the Transferee Company.</p> <p>(h) The equity shares to be issued to the shareholders of the Transferor Company will be listed with BSE Limited and National Stock Exchange of India Limited and admitted for trading.</p> <p>(i) The equity shares to be issued by the Transferee Company pursuant to this Scheme in respect of any equity shares of the Transferor Company which are held in abeyance under the Companies Act, 2013 or otherwise shall, pending allotment or settlement of dispute by order of a court or otherwise, also be kept in abeyance by the Transferee Company.</p> <p>(j) Post the issue of shares, there shall be no change in the shareholding pattern or control in the Transferee Company between the Record Date (as defined in the Scheme) and the listing which may affect the status of the approval by the Stock Exchanges.</p>

Sl. No.	Category of Stakeholders	Effect of the Scheme on the Stakeholder
		<p>(k) The promoters of the Transferee Company shall continue to remain the promoters even after the effectiveness of the Scheme.</p> <p>(l) Since the Promoter and Non-Promoter shareholders of the Transferor Company are being issued shares in the same proportion, the rights of non-promoter shareholders of the Transferor Company shall not be affected under the Scheme of Amalgamation.</p>
2.	Employees	<p>(a) Under Clause 11 of the Scheme on and from the Effective Date (as defined in the Scheme), the Transferee Company shall engage all employees, including key managerial personnel of the Transferor Company on the same terms and conditions on which they are engaged by the Transferor Company without any interruption of service and in the manner provided under the Scheme. The employees of the Transferee Company shall continue to remain employees in the Transferee Company on the same terms and conditions. The services of the employees of the Transferee Company will not be retrenched due to amalgamation.</p> <p>(b) Please refer to Sl. No. 1 above for details regarding the effect of the Scheme on the employees who are also shareholders of the Transferee Company.</p> <p>(c) The contributions made by Transferor Company in respect of its employees under applicable law, to the provident fund, gratuity fund, leave encashment fund and any other special scheme or benefits created, for the period after the Appointed Date (as defined in the Scheme) shall be deemed to be contributions made by Transferee Company.</p> <p>(d) Under the Scheme, no rights of the employees of the Transferee Company are being affected.</p>
3.	Key Managerial Personnel	<p>(a) The Key Managerial Personnel of the Transferee Company shall continue as the Key Managerial Personnel of the Transferee Company after effectiveness of the Scheme on the same terms and conditions.</p> <p>(b) Please refer to Sl. No. 1 above for details regarding the effect of the Scheme on the Key Managerial Personnel who are also shareholders of the Transferee Company.</p>

Sl. No.	Category of Stakeholders	Effect of the Scheme on the Stakeholder
		<p>(c) The contributions made by Transferor Company in respect of its employees under applicable law, to the provident fund, gratuity fund, leave encashment fund and any other special scheme or benefits created, for the period after the Appointed Date (as defined in the Scheme) shall be deemed to be contributions made by Transferee Company.</p> <p>(d) Under the Scheme, no rights of the Key Managerial Personnel of the Transferee Company are being affected.</p>
4.	Creditors	<p>(a) Under the Scheme, no arrangement is sought to be entered into between the Transferee Company and its secured and unsecured creditors.</p> <p>(b) The interest of the creditors of the Transferee Company shall not be impacted in any manner.</p>
5.	Board of Directors of the Company	Under the Scheme there is no effect on the Directors.
6.	Debenture Holders and Debenture Trustee	As on date, the Company has no outstanding debentures and therefore, the effect of the Scheme on any such debenture holders and debenture trustee does not arise.
7.	Depositors and Deposit Trustee	As on date, the Company has no outstanding public deposits and therefore, the effect of the Scheme on any such public deposit holders or deposit trustee does not arise.

IX. Amounts due to Secured Creditors and Unsecured Creditors.

- (i) As on 31 December, 2020, the Company has 12 secured creditors amounting to Rs. 4,66,33,06,394 and 1,346 unsecured creditors amounting to Rs. 1,54,12,99,876.
- (ii) As on 31 December, 2020, the Transferee Company has 20 secured creditors amounting to Rs. 13,58,84,88,239 and 1,700 unsecured creditors amounting to Rs. 5,26,25,61,779 .

X. AUDITORS' CERTIFICATE ON CONFORMITY OF ACCOUNTING TREATMENT IN THE SCHEME WITH ACCOUNTING STANDARD

The Auditors of the Transferee Company vide their certificate dated 5th October 2020 have confirmed that the accounting treatment specified in the Scheme is in conformity with the accounting standards prescribed under Section 133 of the Act.

XI. APPOINTED DATE, EFFECTIVE DATE, SHARE EXCHANGE RATIO AND OTHER CONSIDERATIONS

- (i) **Appointed Date:** The opening business hours of 1 October 2020, or such other date as may be determined by the Board of Directors of the Transferor Company and the Transferee Company or directed by the NCLT and is the date with effect from which the Scheme shall, upon sanction of the same by the NCLT, be deemed to have become operative.
- (ii) **Effective Date:** The last of the dates on which all the conditions and matters as referred to in Clause 22 of the Scheme occur or have been fulfilled, obtained or waived in accordance with this Scheme Any reference in this Scheme to “upon the Scheme becoming effective” or “effectiveness of the Scheme” or “upon coming into effect of the Scheme” shall be construed accordingly.
- (iii) **Share Exchange Ratio:** 59 (Fifty Nine) equity shares of Re 1/- each credited as fully paid-up of the Transferee Company for every 10 (Ten) equity shares of Rs 10/- each fully paid-up held by the shareholders in the Company as on the Record Date.
- (iv) **Record Date:** The date to be fixed by the Board of Directors of the Transferor Company and the Transferee Company for the purpose of determining the shareholders of the Transferor Company to whom shares of the Transferee Company will be allotted pursuant to this Scheme.
- (v) **Details of capital/debt restructuring:** There shall be no debt restructuring of the Company and the Transferee Company pursuant to the Scheme.
- (vi) **Other Scheme details:** The equity shares held by the Transferee Company in the Transferor Company shall stand cancelled.
- (vii) No investigation proceedings have been instituted and/or are pending against the Company and the Transferee Company under the Act.
- (viii) No cash or other consideration is proposed under the Scheme.

XII. SUMMARY OF THE VALUATION REPORT

The Share Exchange Ratio mentioned has been arrived at based on the Valuation Report dated 3 October 2020 issued jointly by Sharp & Tannan, Independent Chartered Accountants and R V Shah & Associates, Independent Chartered Accountants. Finshore Management Services Limited and Ashika Capital Limited, Independent SEBI Registered Merchant Bankers, have provided fairness opinion on the fairness of the Share Exchange Ratio determined for the amalgamation of the Company with the Transferee Company and have also confirmed that the share entitlement ratio is fair and proper by their fairness opinion thereon.

Finshore Management Services Limited has concluded the following:

“Subject to the caveats as detailed herein, based on our review as above and the information and explanation furnished to us, we as a Merchant Banker hereby certify that we have reviewed the valuation report recommending the swap ratio for the proposed scheme of amalgamation of

Transferor Company with Transferee Company and are of the opinion that following share exchange ratio -

"59 (Fifty Nine) equity shares of Electrosteel Castings Limited of INR 1/- each fully paid up for every 10 (Ten) equity shares of Srikalahasthi Pipes Limited of INR 10/- each fully paid up is fair and reasonable to the equity shareholders of transferee company."

Ashika Capital Limited has inter alia stated the following:

"Based on our examination of the documents mentioned in point 2, our discussions with the management of SPL and ECL and other intermediaries as appointed by them in this regard and subject to the foregoing, including various assumptions and limitations set forth herein, to the best of our knowledge and belief, we are of the opinion on the date hereof that from a financial point of view, the Share Exchange Ratio recommended by the Valuers is fair to the shareholders of SPL"

Copies of Valuation Report of Sharp & Tannan, Independent Chartered Accountants and R V Shah & Associates, Independent Chartered Accountants and Fairness Opinion of Finshore Management Services Limited and Ashika Capital Limited, Independent SEBI Registered Merchant Bankers, are attached hereto as **Annexure IV. A**, **Annexure IV. B**, and **Annexure IV. C**, respectively, and are available for inspection at the registered office of the Company, on all working days between 10:30 am to 12:30 am, up to and including the date of the Meeting of the Company.

XIII. APPROVALS AND ACTIONS TAKEN IN RELATION TO THE SCHEME

- (i) The Scheme was placed before the Audit Committee of the Company at its meeting held on 5 October 2020. The Audit Committee, inter alia, recommended the Scheme to the Board of Directors of the Company for its favourable consideration, by its report dated 5 October 2020 annexed as **Annexure V**.
- (ii) The Scheme was placed before the Audit Committee of the Transferee Company at its meeting held on 5 October 2020. The Audit Committee, inter alia, recommended the Scheme to the Board of Directors of the Transferee Company for its favourable consideration, by its report dated 5 October 2020.
- (iii) The Scheme was placed before the Board of Directors of the Company, at its meeting held on 5 October 2020. Based on the report submitted by the Audit Committee recommending the draft Scheme, the Board of Directors of the Company approved the Scheme.
- (iv) The Scheme was also placed before the Board of Directors of the Transferee Company, at its meeting held on 5 October 2020. Based on the report submitted by the Audit Committee recommending the draft Scheme, the Board of Directors of the Transferee Company approved the Scheme.
- (v) BSE Limited was appointed as the designated stock exchange by the Company for the purpose of co-ordinating with the Securities and Exchange Board of India ('SEBI'), pursuant the 'SEBI Circular'.
- (vi) The Company and the Transferee Company had filed application before the Competition Commission of India seeking approval for the proposed Amalgamation of the Transferor Company with the Transferee Company. The Competition Commission of India has, vide

its Order dated 27 November 2020, granted approval for the said proposed Amalgamation of the Company with the Transferee Company, which was communicated to the Advocates of the applicant companies vide their letter dated 14 January 2021. A copy of the said letter dated 14 January 2021, enclosing therewith the Certified Copy of the Order dated 27 November 2020 issued by the Competition Commission of India, is attached hereto as **Annexure VI**.

- (vii) In addition to the approval of the Tribunal and the Cuttack Bench of the Hon'ble National Company Law Tribunal, the Company and / or the Transferee Company will obtain such necessary approvals/sanctions/no objection(s) from the regulatory or other governmental authorities in respect of the Scheme in accordance with law, as may be required.
- (viii) A copy of the Scheme has been filed by the Transferee Company with the Cuttack Bench of the Hon'ble National Company Law Tribunal.
- (ix) A copy of the Scheme has been filed with the Registrar of Companies, Vijayawada.

XIV. Inspection of Documents

Any secured creditor who wishes to inspect the following documents which will be available for online inspection, may do so by writing to the Company at companysecretary@srikalahasthipipes.com, up to and including the date of the Meeting of the Company.

- (i) Copy of order dated 30th April, 2021 passed in the Company Scheme Application No. CA(A) Merger and Amalgamation No 4/230/AMR/2021 by the Hon'ble National Company Law Tribunal, Amaravati Bench directing inter alia the calling, convening and conducting of the meeting of the equity shareholders of the Company.
- (ii) Memorandum and Articles of Association of the Company and the Transferee Company.
- (iii) Audited standalone and consolidated Financial Statements of the Company and the Transferee Company, as applicable, for the financial year ended 31 March 2019 and 31 March 2020.
- (iv) Certificates issued by the Statutory Auditors of the Transferee Company stating that the accounting treatment proposed in the Scheme is in conformity with the Accounting Standards prescribed under Section 133 of the Act.
- (v) Copies of Valuation Report dated 3 October 2020 issued jointly by Sharp & Tannan, Independent Chartered Accountants and R V Shah & Associates, Independent Chartered Accountants filed and Valuation Report dated 3 October issued by issued by Ms. Rashmi Shah, FCA, Registered Valuer on the Share Exchange Ratio and filed before the National Company Law Tribunal, Amaravati Bench and Fairness Opinions of Finshore Management Services Limited and Ashika Capital Limited, Independent SEBI Registered Merchant Bankers.

A copy of the Scheme, Explanatory Statement, may be downloaded from the website of the Company at www.srikalahasthipipes.com .

After the Scheme is approved by the equity shareholders, secured creditors and unsecured creditors of the Company, it will be subject to the approval/sanction by the Tribunal.

Sd/-
Amir Bavani, Advocate
Chairman appointed
for the Meeting of Secured Creditors

Date: 14.05.2021
Place: Hyderabad

SCHEME OF AMALGAMATION

(UNDER SECTIONS 230 TO 232 OF THE COMPANIES ACT, 2013 AND OTHER APPLICABLE PROVISIONS,
IF ANY, OF THE COMPANIES ACT, 2013 READ WITH RULES MADE THEREUNDER)

AMONGST

SRIKALAHASTHI PIPES LIMITED

AND

ELECTROSTEEL CASTINGS LIMITED

AND

THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS



1.0 DESCRIPTION OF COMPANIES

- 1.1 Srikalahasthi Pipes Limited ("**Transferor Company**"/"**SPL**") (CIN:L74999AP1991PLC013391) is a listed public company, limited by shares, incorporated under the provisions of the Companies Act, 1956 under the name "Lanco Ferro Limited" on 1 November 1991 with the Assistant Registrar of Companies, Hyderabad, under Company Registration Number 01- 13391 of 1991-92. The name of the Transferor Company was subsequently changed to "Lanco Industries Limited" on 6 July 1994. The name was further changed to "Srikalahasthi Pipes Limited" on 29 September 2014. Presently, the registered office of the Transferor Company is located at Rachagunneri Village, Srikalahasthi Mandal, Chittoor District, Andhra Pradesh: 517641. The Transferor Company is engaged in the business of manufacture and sale of ductile iron pipes. The equity shares of the Transferor Company are listed on BSE Limited and National Stock Exchange of India Limited.
- 1.2 Electrosteel Castings Limited ("**Transferee Company**"/"**ECL**") (CIN: L27310OR1955PLC000310) is a listed public company, limited by shares, incorporated under the Indian Companies Act, VII of 1913 under the name "Dalmia Iron and Steel Limited" on 26 November, 1955 with the Registrar of Companies, Orissa under Company Registration Number 000310 and subsequently, the name of the Transferee Company was changed to "Electrosteel Castings Limited" on 19 October , 1965. Presently, the registered office of the Transferee Company is located at Rathod Colony, Rajgangpur, Sundergarh, Odisha – 770 017. The Transferee Company is engaged in the business of manufacture and sale of ductile iron pipes and cast-iron pipes and ductile iron fittings. The equity shares of the Transferee Company are listed on BSE Limited and National Stock Exchange of India Limited. As on 30 September 2020 the Transferee Company holds 41.33% of the equity share capital of the Transferor Company.

2.0 RATIONALE FOR THE SCHEME OF AMALGAMATION

- 2.1 The rationale for the proposed Scheme is set out below:
- (i) The Transferor Company and Transferee Company are under the control of common promoter group. The Transferee Company along with its promoter group of companies are in a position to and do exercise control over the Transferor Company. The Transferor Company and Transferee Company are engaged in the same line of business, i.e., manufacture and sale of ductile iron pipes and both have common economic objective and strategic goals. It would be advantageous to combine the activities and operations in a single company leading to strong capability in effectively meeting future challenges of competitive business environment.
- (ii) The Amalgamation (as defined hereunder) will enable the Companies (as defined hereinafter) to streamline their business activities into a single combined entity, thereby resulting in economies of scale and avoidance of undue duplication in work, reduction in common expenditure otherwise incurred by the two entities within common group, better and more productive utilization of financial, human and other resource and enhancement of overall business efficiency.



- (iii) The Amalgamation will result in significant reduction in multiplicity of legal and regulatory compliances which at present is required to be made separately by the Companies.
- (iv) The Amalgamation will result in simplification of the group structure and management structure with only one listed company in group leading to better administration and reduction in administrative and other costs from more focused operational efforts, rationalization, standardization and simplification of business processes.
- (v) The Amalgamation will enable the combined entity to leverage their consolidated resources to: (a) increase production capacities; (b) undertake research and development initiatives to improve manufacturing processes and final product; (c) serve the needs of a larger customer base leading to overall business domestically as well as overseas, (d) improved alignment of debt repayments with cash flow, and (d) improved credit rating.
- (vi) The synergies that exist between the two companies in terms of services and resources can be put to the best advantage of all stakeholders.
- (vii) The Scheme is envisaged to be in the best interests of the shareholders, employees and the creditors of the Transferor Company and the Transferee Company.

Thus, the Scheme of Amalgamation, as envisaged, would enable seamless access to strong business relationships, closer and better focused attention being given to the businesses which would get integrated, aligned and streamlined, leading to achievement of their full business and growth potential.

- 2.2 Consequently, the Board of Directors (as hereinafter defined) of the Transferor Company and the Transferee Company have considered and approved this Scheme of Amalgamation and have, accordingly, proposed the Amalgamation (as hereinafter defined) of the Transferor Company with the Transferee Company as an integral part of the Scheme.

3.0 CHAPTERS IN THE SCHEME

The Scheme is divided into 3 chapters, the details of which are as follows:

- 3.1 **Chapter 1:** Chapter 1 of this Scheme contains definitions, interpretation and share capital of the companies to the Scheme which shall be applicable on all chapters of the Scheme;
- 3.2 **Chapter 2:** Chapter 2 provides for clauses in relation to Amalgamation of the Transferor Company with the Transferee Company;
- 3.3 **Chapter 3:** Chapter 3 are general terms and conditions applicable to all parts of the Scheme



which includes reorganisation of capital.



CHAPTER 1– DEFINITIONS, INTERPRETATIONS AND SHARE CAPITAL

4.0 GENERAL DEFINITIONS AND INTERPRETATION

4.1 In the Scheme, unless repugnant to the meaning or context thereof, the following expressions shall have the following meanings:

“Act” means the Companies Act, 2013 and the rules and regulations made thereunder, and includes any alterations, modifications, amendments made thereto and/or any re-enactment thereof;

“Amalgamation” means amalgamation of the Transferor Company with the Transferee Company, on a going concern basis in accordance with Sections 230 to 232 of the Act and Section 2(1B) of the Income-Tax Act, 1961, in terms of Chapter 2 of the Scheme;

“Applicable Laws” shall mean any statute, notification, bye-laws, rules, regulations, guidelines, rule of common law, policy, code, directives, ordinance, orders or instructions having the force of law enacted or issued by any Governmental Authority including any statutory modification or re-enactment thereof for the time being in force;

“Appointed Date” means opening business hours of 1 October 2020, or such other date as may be determined by the Board of Directors of the Transferor Company and the Transferee Company or directed by the NCLT and is the date with effect from which the Scheme shall, upon sanction of the same by the NCLT, be deemed to have become operative;

“Board of Directors” or **“Board”** in relation to each of the Companies, as the case may be, means the board of directors of such company and shall include a committee duly constituted and authorised for the purposes of matters pertaining to the Scheme and/ or any other matter relating thereto;

“BSE” means BSE Limited;

“Companies” shall collectively mean the Transferor Company and the Transferee Company;

“Effective Date” means the last of the dates on which all the conditions and matters as referred to in Clause 22 of the Scheme occur or have been fulfilled, obtained or waived in accordance with this Scheme. Further, the reference in the Scheme to “upon the Scheme becoming effective” or “effectiveness of the Scheme” or “upon coming into effect of the Scheme” shall mean the Effective Date;

“Encumbrance” means any options, pledge, mortgage, lien, security, interest, claim, charge, pre-emptive right, easement, limitation, attachment, restraint or any other encumbrance of any kind or nature whatsoever, and the term **“Encumbered”** shall be construed accordingly;

“Governmental Authority” means any applicable central, state or local government, legislative



body, regulatory or administrative authority, agency or commission or any court, tribunal, board, bureau, instrumentality, judicial or arbitral body, statutory body or stock exchange, including but not limited to the Competition Commission of India, and the Securities and Exchange Board of India, Registrar of Companies (*defined hereinafter*), income tax authorities or the National Company Law Tribunal or any other organization to the extent that the rules, regulations and standards, requirements, procedures or orders of such authority, body or other organization have the force of law as may be relevant in this context;

“Income Tax Act” means the Income-tax Act, 1961 and shall include any statutory modifications, re-enactments or amendments thereof for the time being in force and the rules, regulations, circulars and notifications issued thereunder, each as amended from time to time and to the extent in force;

“Liabilities” means all debts and liabilities, both present and future, whether or not provided in the books of accounts or disclosed in the balance sheet of the Transferor Company, including all secured and unsecured debts, liabilities (including deferred tax liabilities, contingent liabilities), duties and obligations (including under any licenses or permits or schemes of every kind) of every kind, nature and description whatsoever and howsoever arising, raised or incurred or utilised for its business activities and operations along with any charge, Encumbrance, including any bank guarantees thereon;

“NCLT” means the National Company Law Tribunal, Amaravati Bench and/or the National Company Law Tribunal, Cuttack Bench, as applicable, including Principal Bench of National Company Law Tribunal at New Delhi;

“Order” means the order of NCLT sanctioning the Scheme under Sections 230 to 232 of the Act, and other applicable provisions, if any of the Act, including any alterations, modifications, amendments, made thereto and supplementary orders/directions in relation thereto;

“NSE” means National Stock Exchange of India Limited;

“Record Date” means the date to be fixed by the Board of Directors of the Transferor Company and the Transferee Company for the purpose of determining the shareholders of the Transferor Company to whom shares of the Transferee Company will be allotted pursuant to this Scheme;

“Registrar of Companies” means the Registrar of Companies at Andhra Pradesh for the Transferor Company and the Registrar of Companies at Odisha for the Transferee Company;

“Scheme”, “the Scheme”, “this Scheme” or “Scheme of Amalgamation” means this Scheme of Amalgamation pursuant to Sections 230 to 232 and all other applicable provisions of the Act, in its present form submitted to NCLT or any other Governmental Authority (along with any annexures, schedules, etc., attached hereto) with such modification(s) and amendment(s) as may be made from time to time;



“**SEBI**” means the Securities and Exchange Board of India, established under the Securities and Exchange Board of India Act, 1992;

“**SEBI Circular**” means the SEBI Circular dated March 10 2017, bearing reference number CFD/DIL3/CIR/2017/21, issued by SEBI, as amended, modified or replaced from time to time”;

“**Stock Exchanges**” shall mean BSE Limited and National Stock Exchange of India Limited, where the equity shares of the Companies are listed;

“**Transferee Company**” means Electrosteel Castings Limited, a listed public company limited by shares, incorporated on 26 November 1955 under the provisions of the Indian Companies Act, VII of 1913 and having its registered office at Rathod Colony, Rajgangpur, Sundergarh, Odisha 770 017;

“**Transferor Company**” means Srikalahasthi Pipes Limited, a listed public company limited by shares, incorporated on 1 November 1991 under the provisions of the Companies Act, 1956 and having its registered office at Rachgunneri village, Srikalahasthi Mandal, Chittoor District, Andhra Pradesh: 517 641;

“**Undertaking**” shall mean and include all the business, properties, investments and liabilities of whatsoever nature and kind and wheresoever situated, of the Transferor Company, on a going concern basis, together with all its assets, liabilities and employees and which, without being limited to, shall include the following::

- (i) all assets and properties (whether movable or immovable, tangible or intangible, real or personal, in possession or reversion, corporeal or incorporeal, present, future or contingent of whatsoever nature) whether or not recorded in the books of accounts of the Transferor Company, including, without limitation, land and building (freehold or leasehold), factory, plant and machinery, pipeline, furniture, fixtures, fittings, office equipment, computer, laptop, server, fixed assets, vehicle, shed, warehouse, railway track, work in progress, goodwill, know-how, trade mark, current assets, cash and bank accounts (including cash and bank balances), deposits, investments of all kinds (i.e., shares, scrips, stocks, bonds, debenture stocks, units or pass through certificates), reserves, provisions, funds, insurance policies, leases, tenancy rights, licenses, registrations, certificates, permissions, pollution control board approvals (if any), consents, approvals from state, central, municipal or any other authority for time being in force, mining rights / lease, concessions, remissions, remedies, subsidies, incentives, guarantees, bonds, rights, premises, hire purchase, lending arrangements, benefits of security arrangements, contracts, contingent rights or benefits, benefits of any deposits, policies, receivables, advances or deposits paid by or deemed to have been paid by the Transferor Company, all kind of financial assets, telephones, telexes, facsimile connection, email, internet, leased line connections and installations, all kind of communication facilities, utilities, electricity, water connection and other services, tax and other credits/balances [including but not limited to credits in respect of income-tax, , advance tax, tax deducted at source, tax collected at source, self-assessment tax, Goods and Services tax (‘GST’), value added tax, central sales tax, sales tax, CENVAT, excise duty, service tax, etc.], all losses (including but not limited to brought forward tax losses, tax unabsorbed



depreciation, brought forward book losses, unabsorbed depreciation as per books), including Goods and Services Tax (GST) credits all tax holiday benefits/exemptions (if any) and other claims and powers, any deferred revenue expenditure, all books of accounts, documents and records of whatsoever nature and wheresoever situated belonging to or in the possession of or granted in favour of or enjoyed by the Transferor Company, benefits of assets or properties or other interest held in trust, registrations, engagements, memberships with various bodies, certificates awarded by organisations/bodies, arrangements of all kind, privileges and all other rights, easements, privileges, liberties and advantages of whatsoever nature and wheresoever situate belonging to or in the ownership, power or possession and in the control of or vested in or granted in favour of or enjoyed by the Transferor Company or in connection with or relating to the Transferor Company and all other interests of whatsoever nature belonging to or in the ownership, power, possession or the control of or vested in or granted in favour of or held for the benefit of or enjoyed by the Transferor Company, whether in India or elsewhere;

- (ii) all permissions, permits, sanctions, approvals, authorizations, qualifications, consents, subsidies, quotas, rights, allotments, registrations, draw backs, privileges, incentives and concessions under incentive schemes and policies, subsidy receivables from Government, grants from any Governmental Authority, all other rights, liberties, advantages, no-objection certificates, certifications, easements, benefits and liabilities related thereto including licenses, powers and facilities of every kind, nature and description whatsoever, provisions and benefits of all agreements, contracts and arrangements and all other interests in connection with or relating to the Transferor Company;
- (iii) all contracts, agreements, engagements, licenses, leases, memoranda of undertakings, memoranda of agreements, memoranda of agreed points, letters of agreed points, arrangements, undertakings, whether written or otherwise, deeds, bonds, schemes, privileges and benefits of all contracts, agreements and all other rights, including license rights, lease rights, powers and facilities of every kind and description whatsoever or other understandings, deeds and instruments of whatsoever nature to which the Transferor Company are parties, including lease agreements, leave and license agreements, equipment purchase agreements, hire purchase agreements, lending agreements and other agreements with the customers, sales orders, purchase orders and other agreements/contracts with the supplier of goods and/or service providers and all rights, title, interests, claims and benefits there under of whatsoever nature to which the Transferor Company is party;
- (iv) all intellectual property rights (including intangible assets and business or commercial rights), registrations, trademarks, trade names, service marks, copyrights, patents, designs, logo, domain names, including applications for trademarks, trade names, service marks, copyrights, patents, designs and domain names, used by or held for use by the Transferor Company, whether or not recorded in the books of accounts of the Transferor Company, and other intellectual rights of any nature whatsoever, books, records, files, papers, engineering and process information, software licenses (whether proprietary or otherwise), drawings, computer programs, manuals, data, catalogues, quotations, list of



- present and former customers and suppliers, other customer information, customer credit information, customer pricing information and all other records and documents, whether in physical or electronic form relating to the business activities and operations of the Transferor Company, whether used or held for use by it;
- (v) all letters of intent, request for proposal, prequalification, bid acceptances (including benefit arising out of or in relation to any bank guarantees submitted to any authority in respect thereof by the Transferor Company), tenders, contracts, deeds, memorandum of understanding, bonds, agreements, arrangements, track-record, technical know-how, technical experience (including experience in executing projects), experience, goodwill and all other rights, claims and powers and any other instrument of whatsoever nature and wheresoever situated belonging to or in the possession of or granted in favour of or enjoyed by the Transferor Company for all intents and purposes and specifically including but not limited to, the turnover, the profitability, performance, and market share, prequalification, net worth and reserves of the Transferor Company;
 - (vi) all balances with government, quasi-government, municipal, local and other authorities and bodies, customers and any other persons, earnest moneys and/or security deposits paid or received by the Transferor Company;
 - (vii) all books, records, files, papers, product specifications and engineering and process information, records of standard operating procedures, computer programs along with their licenses, manuals and backup copies, drawings, other manuals, data catalogues, emails, presentation, correspondences/communications with third parties/authorities, quotations, sales and advertising materials, lists of present and former customers and suppliers, customer credit information, customer pricing information, and other records whether in physical or electronic form;
 - (viii) all liabilities, lien or security thereon, whether in Indian rupees or in foreign currency and whether or not provided for in the books of account or disclosed in the balance sheet of the Transferor Company;
 - (ix) all debts (secured and unsecured), liabilities including contingent liabilities, duties, leases of the Transferor Company and all other obligations of whatsoever kind, nature and description;
 - (x) all incentives, benefits, exemptions, payments deferrals, subsidies, concessions, grants, taxes, duties, cess, levies, etc., that are allocable, referable or related to Transferor Company, including all or any refunds, interest due thereon, credits and claims relating thereto, including input credit on any tax, set-offs and any benefit, exemption, refund and like;
 - (xi) all legal (whether civil or criminal), taxation or other proceedings or investigations of whatsoever nature (including those before any Governmental Authority) initiated by or against Transferor Company or proceedings or investigations to which Transferor Company



is party to, that pertain to Undertaking, whether pending/ongoing as on the Appointed Date or which may be instituted any time in the future;

- (xii) any and all employees of Transferor Company as on the Effective Date, whether permanent employees, who are on the payrolls of the Transferor Company, or employees/personnel engaged on contract basis and contract labourers and interns/trainees, engaged by the Transferor Company, at its respective offices, mills, plants, branches or otherwise, and any other employees/personnel and contract labourers and interns/trainees hired by the Transferor Company;
- (xiii) all other obligations of whatsoever kind, including liabilities of the Transferor Company with regard to their employees with respect to the payment of gratuity, pension benefits and the provident fund or compensation, if any, in the event of resignation, death, voluntary retirement or retrenchment.

It is intended that the definition of Undertaking set out above would enable the transfer of all properties, assets, liabilities, employees, etc. of the Transferor Company to the Transferee Company pursuant to this Scheme.

- 4.2 All terms and words used in this Scheme shall, unless repugnant or contrary to the context or meaning thereof, have the same meaning ascribed to them under the Act, the Income Tax Act, the Securities Contracts (Regulation) Act, 1956, the Securities and Exchange Board of India Act, 1992, the Depositories Act, 1996 and other Applicable Laws, rules, regulations, bye-laws, as the case may be or any statutory modification or re-enactment thereof for the time being in force.



4.3 In this Scheme, unless the context otherwise requires:

- (a) References to clauses and recitals, unless otherwise provided, are to clauses and recitals of and to this Scheme;
- (b) The headings herein shall not affect the construction of this Scheme;
- (c) Words denoting singular shall include plural and vice versa; and references to one gender include all genders;
- (d) Any phrase introduced by the terms "including", "include", "in particular" or any similar expression shall be construed as illustrative and shall not limit the sense of the words preceding those terms;
- (e) Reference to a document includes an amendment or supplement to, or replacement or novation of that document;
- (f) References to a person include any individual, firm, Limited Liability Partnership, body corporate (whether incorporated or not), government, state or agency of a state or any joint venture, association, partnership, works councillor employee representatives' body (whether or not having separate legal personality);
- (g) References to any of the terms on taxes, duty, levy, cess in the Scheme shall be construed as reference to all of them whether jointly or severally; and
- (h) Any reference to any statute or statutory provision shall include:
 - (i) All subordinate legislations made from time to time under that provision (whether or not amended, modified, re-enacted or consolidated from time to time) and any retrospective amendment; and
 - (ii) Such provision as from time to time amended, modified, re-enacted or consolidated (whether before or after the filing of this Scheme) to the extent such amendment, modification, re-enactment or consolidation applies or is capable of applying to the matters contemplated under this Scheme and (to the extent liability there under may exist or can arise) shall include any past statutory provision (as amended, modified, re-enacted or consolidated from time to time) which the provision referred to has directly or indirectly replaced.

5.0 DATE OF TAKING EFFECT AND OPERATIVE DATE

The Scheme set out herein in its present form or with any modification(s) approved or imposed or directed by any authority, unless otherwise specified in the Scheme, shall become operative from the Appointed Date but shall come into effect from the Effective Date. Therefore, for all



regulatory and tax purposes, the Amalgamation would be deemed to be operative from the Appointed Date of this Scheme.



6.0 SHARE CAPITAL

6.1 The Transferor Company

The share capital structure of the Transferor Company as on 30 September, 2020 is as under:

Authorised Share Capital	Amount (Rs.)
5,30,00,000 Equity Shares of Rs. 10/- each	53,00,00,000
Total	53,00,00,000
Issued, Subscribed and Paid up Share Capital	Amount (Rs.)
4,66,98,407 Equity Shares of Rs. 10/- each	46,69,84,070
Total	46,69,84,070

As on date, the share capital structure of the Transferor Company remains the same as stated hereinabove.

6.2 The Transferee Company

The share capital structure of the Transferee Company as on 30 September, 2020 is as under:

Authorised Share Capital	Amount (Rs.)
50,02,00,000 Equity Shares of Re. 1/- each	50,02,00,000
Total	50,02,00,000
Issued, Subscribed and Paid up Share Capital	Amount (Rs.)
43,29,54,709 Equity Shares of Re. 1/- each	43,29,54,709
Total	43,29,54,709

As on date, the share capital structure of the Transferee Company remains the same as stated hereinabove.



CHAPTER 2– AMALGAMATION OF THE TRANSFEROR COMPANY WITH THE TRANSFEEE COMPANY

- 7.1 Upon coming into effect of the Scheme and with effect from the Appointed Date, the Transferor Company (including the entire Undertaking(s) of the Transferor Company) shall, pursuant to the sanction of the Scheme by the NCLT and pursuant to the provisions of Sections 230 to 232 of the Act, stand transferred to and vested in and/or be deemed to have been transferred to and vested in the Transferee Company, as a going concern, in accordance with Section 2(1B) of the Income Tax Act without any further act, instrument, deed, matter or thing, so as to become, as and from the Appointed Date, part of the Transferee Company by virtue of and in the manner provided in this Scheme.
- 7.2 Pending the Scheme coming into effect, the Transferor Company and the Transferee Company may continue to provide security for each other's commitments provided however, the Scheme shall not operate to enlarge the security for any loan, deposit or facility availed of either by the Transferor Company or by the Transferee Company and the Transferee Company shall not in any manner be obliged to create further or additional security there for after the Effective Date or otherwise.
- 7.3 Upon the Scheme coming into effect the assets and liabilities of the Transferor Company shall stand pooled with the assets and liabilities of the Transferee Company in accordance with the relevant Indian accounting standard on business combinations.

Transfer of assets

- 8 Without prejudice to the generality of Clause 7.0 above, upon coming into effect of the Scheme and with effect from the Appointed Date:
- (i) all the estates, assets (including intangible assets), properties, investments of all kinds (i.e., shares, scripts, stocks, bonds, debenture stocks, units or pass through certificates), rights, claims, title, interest, powers and authorities including accretions and appurtenances comprised in the Undertaking of whatsoever nature and wheresoever situated shall, under the provisions of Sections 230 to 232 of the Act, without any further act, instrument or deed, cost or charge and without any notice or other intimation to any third party for the transfer of the same, be transferred to and vested in the Transferee Company and/or deemed to be transferred to and vested in the Transferee Company, as a going concern, so as to become, on and from the Appointed Date, the estate, assets (including intangible assets), properties, investments of all kinds (i.e., shares, scripts, stocks, bonds, debenture stocks, units or pass through certificates), rights, claims, title, interest, powers and authorities including accretions and appurtenances of the Transferee Company.
- (ii) such of the assets and properties of the Transferor Company as are movable in nature or incorporeal property or are otherwise capable of transfer by physical or constructive delivery or possession, or by endorsement and/or delivery shall, without requiring any cost or charge and without any deed or instrument of conveyance or notice or other



intimation to any third party for the transfer of the same, be and stand transferred by delivery to the Transferee Company and/or be deemed to have been transferred to the Transferee Company as a part of the transfer of the Undertaking as a going concern, so as to become, on and from the Appointed Date, the assets and properties of the Transferee Company.

- (iii) all other movable properties of the Transferor Company, including investments of all kinds (i.e., shares, scrips, stocks, bonds, debenture stocks, units or pass through certificates), sundry debtors, receivables, bills, credits, loans and advances, if any, whether recoverable in cash or in kind or for value to be received, bank balances, deposits with any Governmental Authority including any tax authority, quasi government, local or other authority or body or with any company or other person, shall, without any further act, instrument or deed, cost or charge and without any notice or other intimation to any third party for the transfer of the same, stand transferred to and vested in the Transferee Company and/or deemed to be transferred to and vested in the Transferee Company by way of delivery of possession of the respective documents, as applicable, as a part of the transfer of the Undertaking as a going concern, so as to become from the Appointed Date, the assets and properties of the Transferee Company.
- (iv) the Transferee Company may, if it so deems appropriate, give notice in such form as it deems fit and proper, to each such debtor or obligor that pursuant to the sanction of this Scheme by the NCLT, such debt, loan, advance, claim, bank balance, deposit or other asset be paid or made good or held on account of the Transferee Company as the person entitled thereto, to the end and intent that the right of the Transferor Company to recover or realize all such debts (including the debts payable by such debtor or obligor to the Transferor Company) stands transferred and assigned to the Transferee Company and that appropriate entries shall be passed in the books of accounts of the relevant debtors or obligors to record such change. It is hereby clarified that investments, if any, made by the Transferor Company and all the rights, title and interest of the Transferor Company in any licensed properties or leasehold properties shall, pursuant to Sections 230 to 232 of the Act and the provisions of this Scheme, without any further act or deed, be transferred to and vested in or be deemed to have been transferred to and vested in the Transferee Company.
- (v) all immovable properties of the Transferor Company, including land together with the buildings and structures standing thereon or under construction and rights and interests in immovable properties of the Transferor Company, whether freehold or leasehold or licensed or otherwise, any tenancies in relation to warehouses, all rights, covenants, continuing rights, title and interest in connection with the said immovable properties and all documents of title, rights and easements in relation thereto shall stand transferred to and be vested in and/or be deemed to have been transferred to and vested in the Transferee Company, without any further act or deed done or being required to be done by the Transferor Company and/or the Transferee Company. The Transferee Company shall be entitled to exercise all rights and privileges attached to the aforesaid immovable properties and shall be liable to pay the ground rent and taxes and fulfill all obligations in



relation to or applicable to such immovable properties. The mutation of the ownership or title or interest in the immovable properties shall, upon this Scheme becoming effective, be made and duly recorded in the name of the Transferee Company by the appropriate authorities pursuant to the Order of NCLT in accordance with the terms hereof.

- (vi) all lease/license or rent agreement / tenancy agreement entered into by the Transferor Company with various landlords, owners and lessors in connection with the use of the assets of the Transferor Company, together with security deposits and advance/prepaid lease/license fee, etc., shall stand automatically transferred to and vested in favour of the Transferee Company on the same terms and conditions without any further act, instrument, deed, matter or thing being made, done or executed. The Transferee Company shall continue to pay rent or lease or license fee as provided for in such agreements and the Transferee Company and the relevant landlords, owners and lessors shall continue to comply with the terms, conditions and covenants thereunder. Without limiting the generality of the foregoing, the Transferee Company shall also be entitled to refund of security deposits paid, advance rent paid under such agreements by the Transferor Company. All the rights, title, interest and claims of Transferor Company in any such leasehold properties shall be transferred to and vested in or be deemed to have been transferred to and vested in Transferee Company.
- (vii) all permissions, permits, sanctions, approvals, authorizations, consents, entitlements, subsidies, quotas, rights, allotments, registrations, privileges, incentives and concessions under incentive schemes and policies including under customs, excise, goods and services tax, VAT, sales tax, income tax benefits and exemptions/deductions, deferment, subsidy receivables from Government, grants from any Governmental Authority, indirect tax benefits and exemptions, all other rights, liberties, advantages, no-objection certificates, certifications, easements, benefits and liabilities related thereto, licenses, powers and facilities of every kind, nature and description whatsoever, provisions and benefits of all agreements, contracts and arrangements and all other interests in connection with or relating to the Transferor Company enjoyed or conferred upon or held or availed of by the Transferor Company and all rights and benefits that have accrued or which may accrue to the Transferor Company, whether on or before or after the Appointed Date, if any, shall, under the provisions of Sections 230 and 232 of the Act, without any further act, instrument or deed, cost or charge and without any notice or other intimation to any third party for the transfer of the same, be and stand transferred to and vested in and/or be deemed to be transferred to and vested in the Transferee Company as a part of the transfer of the Undertaking as a going concern, so as to become, as and from the Appointed Date or after the Appointed Date, as the case may be, the permissions, permits, sanctions, approvals, authorizations, consents, entitlements, sales tax deferrals, liberties, special status, subsidies, quotas, rights, allotments, registrations, privileges, incentives, income tax benefits and exemptions, indirect tax benefits and exemptions, all other rights, benefits and liabilities related thereto, licenses, powers and facilities of every kind, nature and description whatsoever, provisions and benefits of all agreements, contracts and arrangements of the Transferee Company and shall remain valid, effective



and enforceable on the same terms and conditions. For the avoidance of doubt, it is further clarified that they shall be deemed to have originally been given by, issued to or executed in favour of the Transferee Company and the Transferee Company shall be bound by the terms thereof and the obligations and duties thereunder, and the rights and benefits under the same shall be available to the Transferee Company.

- (viii) upon the coming into effect of this Scheme and subject to the provisions of this Scheme, all contracts, deeds, bonds, agreements, schemes, arrangements and other instruments, permits, rights, entitlements, licenses (including the licenses granted by any Governmental, statutory or regulatory bodies) for the purpose of carrying on the business of the Transferor Company, and in relation thereto, and those relating to tenancies, privileges, powers, facilities of every kind and description of whatsoever nature, to which the Transferor Company is a party, or to the benefit of which the Transferor Company may be eligible, and which are subsisting or having effect immediately before the Effective Date, shall continue to be in full force and effect on or against or in favour, as the case may be, of the Transferee Company and may be enforced as fully and effectually as if, instead of the Transferor Company, the Transferee Company had been a party or beneficiary or obligor thereto. In relation to the same, any procedural requirements required to be fulfilled solely by the Transferor Company (and not by any of its successors), shall be fulfilled by the Transferee Company as if it is the duly constituted attorney of that Transferor Company.

Any inter-se contracts between the Transferee Company and the Transferor Company shall stand cancelled and cease to operate upon this Scheme becoming effective.

All guarantees provided by any bank in relation to the Transferor Company outstanding as on the Effective Date, shall vest in the Transferee Company and shall ensure to the benefit of the Transferee Company and all guarantees issued by the bankers of the Transferor Company at their request favouring any third party shall be deemed to have been issued at the request of the Transferee Company and continue in favour of such third party till its maturity or earlier termination.

- (ix) without prejudice to the generality of the foregoing, all leave and license agreements/deeds, lease agreements/deeds, bank guarantees, corporate guarantees, performance guarantees and letters of credit, hire purchase agreements, lending agreements and such other agreements, deeds, documents and arrangements pertaining to the business of the Transferor Company or to the benefit of which the Transferor Company may be eligible and which are subsisting or having effect immediately before the Effective Date, including all rights and benefits (including benefits of any deposit, advances, receivables or claims) arising or accruing therefrom, shall, with effect from Appointed Date and upon this Scheme becoming effective, by operation of law pursuant to the vesting orders of the NCLT, be deemed to be contracts, deeds, bonds, agreements, schemes, arrangements and other instruments, permits, rights, entitlements, licenses, leases, guarantees, letter of credit of the Transferee Company. All such property and rights shall stand vested in the Transferee Company and shall be deemed to have become



the property and rights of the Transferee Company by operation of law, whether the same is implemented by endorsement or delivery and possession or recorded in any other manner.

- (x) all the intellectual property rights of any nature whatsoever, including but not limited to intangible assets including registrations, licenses, trademarks, logos, service marks, copyrights, domain names, trade names, various business or commercial rights and applications relating thereto, goodwill, know-how and trade secrets appertaining to the Transferor Company, whether or not provided in books of accounts of the Transferor Company, shall under the provisions of Sections 230 and 232 of the Act, and all other provisions of the Applicable Laws, if any, without any further act, instrument or deed, cost or charge and without any notice or other intimation to any third party for the transfer of the same, be and stand transferred and vested in the Transferee Company as a part of the transfer of the Undertaking as a going concern, so as to become, as and from the Appointed Date, the intellectual property and rights of the Transferee Company.
- (xi) All intangible assets including various business or commercial rights, etc. belonging to but not recorded in books of the Transferor Company shall be transferred to and vested with the Transferee Company.
- (xii) all taxes (including but not limited to advance tax, tax deducted at source, tax collected at source, self-assessment tax, banking cash transaction tax, securities transaction tax, input tax credit, CENVAT credit, taxes withheld/paid in a foreign country, value added tax, excise, sales tax, goods and services tax, cess, as applicable) payable by or refundable to or being the entitlement of the Transferor Company, including all or any refunds or claims shall be treated as the tax liability or refunds/credits/claims, as the case may be, of the Transferee Company, and any tax incentives, advantages, privileges, exemptions, credits, tax holidays, remissions, reductions, rebates, etc., as would have been available to the Transferor Company, shall pursuant to this Scheme becoming effective, be available to the Transferee Company.
- (xiii) the Transferee Company shall be entitled to claim refunds or credits, including input tax credits, CENVAT credit, etc., with respect to taxes paid by, for, or on behalf of, the Transferor Company under Applicable Laws, including but not limited to goods and services tax, sales tax, value added tax, service tax, excise duty, cess or any other tax, whether or not arising due to any inter se transaction, even if the prescribed time limits for claiming such refunds or credits have lapsed. Any inter-se transactions amongst Transferor Company and Transferee Company between the Appointed Date and Effective Date shall be considered as transactions from Transferee Company to itself, and Transferee Company shall be entitled to claim refund of tax paid, if any, on these inter-se transactions, as per Applicable Laws. For the avoidance of doubt, input tax credits already availed of or utilized by the Transferor Company and the Transferee Company in respect of inter-se transactions between the Appointed Date and the Effective Date shall not be adversely impacted by the cancellation of inter-se transactions pursuant to this Scheme.



- (xiv) all statutory rights and obligations of Transferor Company would vest in/accrue to Transferee Company. Hence, obligation of the Transferor Company, prior to the Effective Date, to issue or receive any statutory declaration or any other forms by whatever name called, under the State VAT Acts or the Central Sales Tax Act or Goods and Services Tax Act or any other act for the time being in force, would be deemed to have been fulfilled if they are issued or received by Transferee Company and if any form relating to the period prior to the said Effective Date is received in the name of the Transferor Company, it would be deemed to have been received by the Transferee Company in fulfillment of its obligations.
- (xv) benefits of any and all corporate approvals as may have already been taken by the Transferor Company, whether being in the nature of compliances or otherwise, shall under the provisions of Sections 230 and 232 of the Act, without any further act, instrument or deed, cost or charge and without any notice or other intimation to any third party for the transfer of the same, be and stand transferred and vested in the Transferee Company as a part of the transfer of the Transferor Company as a going concern, and the said corporate approvals and compliances shall be deemed to have originally been taken / complied with by the Transferee Company.
- (xvi) the resolutions, if any, of the Transferor Company, which are valid and subsisting on the Effective Date, shall, under the provisions of Applicable Laws, without any further act, instrument or deed, cost or charge and without any notice or other intimation to any third party for the transfer of the same, be and stand continue to be valid and subsisting and be considered as resolutions of the Transferee Company and if any such resolutions have any monetary limits approved under the provisions of the Act or any other applicable statutory provisions, then the said limits shall, subject to the provisions of the Act, be added to the limits, if any, under like resolutions passed by the Transferee Company and shall constitute the aggregate of the said limits in the Transferee Company.



- (xvii) upon the coming into effect of this Scheme and subject to the other provisions of this Scheme, the Transferee Company may enter into and/or issue and/or execute deeds, writings or confirmations or enter into any tripartite arrangements, confirmations or novations, to which the Transferor Company will, if necessary, also be party in order to give formal effect to the provisions of this Scheme, if so required or if so considered necessary. The Transferee Company shall be deemed to be authorized to execute any such deeds, writings or confirmations on behalf of the Transferor Company and to implement or carry out all formalities required on the part of the Transferor Company to give effect to the provisions of this Scheme.
- (xviii) in relation to the above, any procedural requirements required to be fulfilled solely by Transferor Company (and not by its successors), shall be fulfilled by Transferee Company as if it is the duly constituted attorney of Transferor Company.
- (xix) the above shall not affect any transaction or proceedings or contracts or deeds already concluded by the Transferor Company on or before the Appointed Date and after the Appointed Date till the Effective Date. The Transferee Company accepts and adopts all acts, deeds and things done and executed by the Transferor Company in respect thereto as done and executed on behalf of itself.
- (xx) upon the Scheme becoming effective, the Transferee shall be entitled to without limitation, operate the bank accounts, including transacting in cash, cheque, National Electronic Funds Transfer, Real Time Gross Settlement or any other electronic mode, intra company, inter company, other settlements, availing of and utilizing any limits, issuing or receiving any guarantee of the Transferor Company or carry out any other transaction as it deems fit.
- (xxi) upon coming into effect of this Scheme and till such time that the names of the bank accounts of the Transferor Company is replaced with that of the Transferee Company, the Transferee Company shall be entitled to operate the bank account of the Transferor Company, in their names, in so far as may be necessary. Further, until the transfer and vesting of rights and obligations of the Transferor Company to the Transferee Company under this Scheme is formally effected by the parties concerned, the Transferee Company, shall be entitled to complete and enforce all pending contracts and transactions in the name of Transferor Company insofar as may be necessary.
- (xxii) such of the assets which are acquired by the Transferor Company on or after the Appointed Date but prior to the Effective Date, shall under the provisions of Sections 230 to 232 of the Act, without any further act, instrument or deed, cost or charge and without any notice or other intimation to any third party for the transfer of the same, be and stand transferred to and vested in and/or be deemed to have been transferred to and vested in the Transferee Company as a part of the transfer of the Undertaking as a going concern, so as to become, the assets and properties of the Transferee Company.
- (xxiii) since the Transferor Company falls within the jurisdiction of the NCLT, Amravati Bench,



the transfer and vesting of the properties of the Transferor Company into the Transferee Company under the Scheme is dependent upon and subject to the sanction accorded to the Scheme by the NCLT, Amravati Bench and accordingly, the sanction accorded to the Scheme by the NCLT, Cuttack Bench will not be effective until the sanction of the Scheme by the NCLT, Amravati Bench. In the event, upon direction of NCLT, Principal Bench, New Delhi, no application for sanctioning of the Scheme is required to be made before NCLT, Amravati Bench, then joint application for the Scheme shall be filed by the Transferor Company and the Transferee Company before the NCLT, Cuttack Bench, having jurisdiction over Transferee Company and the order passed by NCLT, Cuttack Bench shall be conclusive and binding on both the Transferor Company and the Transferee Company and their respective shareholders and creditors. In such a scenario, there will not be any requirement for filing separate application and obtaining order from NCLT, Amravati Bench for sanction of the Scheme.

Transfer of Liabilities

- 9 Without prejudice to the generality of Clause 7.0 above, upon coming into effect of this Scheme and with effect from the Appointed Date,
- (i) All Liabilities, whether or not provided in the books of the Transferor Company, shall, under the provisions of Sections 230 and 232 of the Act, without any further act, instrument, deed, cost or charge and without any notice or other intimation to any third party for the transfer of the same, be and stand transferred to and vested in and be deemed to have been transferred to and vested in the Transferee Company as a part of the transfer of the Undertaking as a going concern and the same shall be assumed by the Transferee Company, to the extent they are outstanding on the Effective Date so as to become on and from the Appointed Date, the Liabilities of the Transferee Company on the same terms and conditions as were applicable to the Transferor Company, and the Transferee Company shall meet, discharge and satisfy the same. Further, it shall not be necessary to obtain the consent of any third party or other person who is a party to any contract or arrangement by virtue of which such Liabilities have arisen in order to give effect to the provisions of this Clause.
 - (ii) All Liabilities which are incurred or which arise or accrue to the Transferor Company on or after the Appointed Date but prior to the Effective Date, shall under the provisions of Sections 230 and 232 of the Act and all other provisions of Applicable Laws, if any, without any further act, instrument or deed, cost or charge and without any notice or other intimation to any third party for the transfer of the same, be and stand transferred to and vested in and/or be deemed to have been transferred to and vested in the Transferee Company as a part of the transfer of the Undertaking as a going concern and the same shall be assumed by the Transferee Company to the extent they are outstanding on the Effective Date on the same terms and conditions as were applicable to the Transferor Company, and the Transferee Company shall meet, discharge and satisfy the same.
 - (iii) Any Liabilities of the Transferor Company as on the Appointed Date that are discharged



by the Transferor Company on or after the Appointed Date but prior to the Effective Date, shall be deemed to have been discharged for and on account of the Transferee Company, upon the coming into effect of the Scheme.

- (iv) All loans raised and utilized, liabilities, duties and taxes and obligations incurred or undertaken by or on behalf of the Transferor Company on or after the Appointed Date but prior to the Effective Date shall be deemed to have been raised, used, incurred or undertaken for and on behalf of the Transferee Company and shall, under the provisions of Sections 230 and 232 of the Act and all other provisions of Applicable Laws, if any, without any further act, instrument, deed, cost or charge and without any notice or other intimation to any third party for the transfer of the same, be and stand transferred to and vested in and/or be deemed to have been transferred to and vested in the Transferee Company as a part of the transfer of the Undertaking as a going concern and the same shall be assumed by the Transferee Company and to the extent they are outstanding on the Effective Date, the Transferee Company shall meet, discharge and satisfy the same.
- (v) Loans, advances and other obligations (including any arrangement which may give rise to a contingent liability in whatever form), if any, due or which may at any time in future immediately before the Effective Date become due or remain outstanding between the Transferor Company and the Transferee Company shall, under the provisions of Sections 230 and 232 of the Act, without any further act, instrument, deed, cost or charge, stand cancelled and be deemed to have been discharged by such cancellation and consequently, there shall remain no inter-se liability between them as of Effective Date and the corresponding appropriate effect shall be given in the books of accounts and records of the Transferee Company.

10 Encumbrances:

- (i) Upon the coming into effect of this Scheme and with effect from the Appointed Date, all Encumbrances which are in the nature of the fixed charge and relate to specific fixed assets existing prior to the Effective Date over the fixed assets of the Transferor Company or the Transferee Company which secure or relate to the Liabilities shall, without any further act, instrument, deed, cost or charge and without any notice or other intimation to any third party for the transfer of the same, continue to relate and attach to such specific fixed assets or any part thereof to which they were related or attached prior to the Effective Date even where transferred under the Scheme to the Transferee Company. All Encumbrances which are in the nature of floating charge and relate generally over all current assets existing prior to the Effective Date over the current assets of the Transferor Company or the Transferee Company (as the case may be) shall, however, extend to and shared by all the working capital lenders of the Transferee Company on the Scheme becoming effective. The absence of any formal amendment which may be required by a lender or trustee or third party shall not affect the operation of this Clause.
- (ii) Any reference in any security documents or arrangements (to which the Transferor Company is a party) to the Transferor Company and its assets and properties, shall be



construed as a reference to the Transferee Company and the assets and properties of the Transferor Company transferred to the Transferee Company pursuant to this Scheme.

- (iii) Without prejudice to the foregoing provisions, the Transferee Company may execute any instruments or documents or do all the acts and deeds as may be considered appropriate, including the filing of necessary particulars and/or modification(s) of charge, with the Registrar of Companies to give formal effect to the above provisions, if required.
- (iv) The provisions of this clause shall operate notwithstanding anything to the contrary contained in any instrument, deed or writing or the terms of sanction or issue or any security document; all of which instruments, deeds or writings shall stand modified and/or superseded by the foregoing provisions.

11 **Employees:**

- (i) Upon coming into effect of this Scheme, all permanent employees, who are on the payrolls of the Transferor Company, including key managerial personnel engaged on contract basis and contract laborers and interns/trainees of the Transferor Company, as on the Effective Date,, shall become employees of the Transferee Company with effect from the Effective Date, on such terms and conditions as are no less favourable than those on which they are currently engaged by the Transferor Company, without any interruption of service as a result of this Amalgamation and transfer. With regard to provident fund, gratuity, leave encashment and any other special scheme or benefits created or existing for the benefit of such employees of the Transferor Company, upon this Scheme becoming effective, the Transferee Company shall stand substituted for the Transferor Company for all purposes whatsoever, including with regard to the obligation to make contributions to relevant authorities, in accordance with the provisions of Applicable Laws or otherwise. It is hereby clarified that upon this Scheme becoming effective, the aforesaid benefits or schemes shall continue to be provided to the transferred employees and the services of all the transferred employees of the Transferor Company for such purpose shall be treated as having been continuous.
- (ii) The existing provident fund, employee state insurance contribution, gratuity fund, superannuation fund, staff welfare scheme and any other special scheme (including without limitation any employees stock option plan) or benefits created by the Transferor Company for its employees shall be continued on the same terms and conditions or be transferred to the existing provident fund, employee state insurance contribution, gratuity fund, superannuation fund, staff welfare scheme, etc., being maintained by the Transferee Company or as may be created by the Transferee Company for such purpose. It is the intent that all rights, duties, powers and obligations of Transferor Company in relation to such fund or funds shall stand transferred to the Transferee Company without need of any fresh approval from any statutory authority. Pending such transfer, the contributions required to be made in respect of such employees shall continue to be made by the Transferee Company to the existing funds maintained by the Transferor Company.



- (iii) The Transferee Company undertakes that for the purpose of payment of any retrenchment compensation, gratuity and other terminal benefits to the employees of the Transferor Company, the past services of such employees with the Transferor Company shall also be taken into account and it shall pay the same accordingly, as and when such amounts are due and payable. Upon this Scheme becoming effective, the Transferor Company will transfer/handover to the Transferee Company, copies of employment information of all such transferred employees of Transferor Company, including but not limited to, personnel files (including hiring documents, existing employment contracts, and documents reflecting changes in an employee's position, compensation, or benefits), payroll records, medical documents (including documents relating to past or ongoing leaves of absence, on the job injuries or illness, or fitness for work examinations), disciplinary records, supervisory files relating to its and all forms, notifications, orders and contribution/identity cards issued by the concerned authorities relating to benefits transferred pursuant to this sub-clause.
- (iv) The contributions made by Transferor Company in respect of its employees under Applicable Laws, to the provident fund, gratuity fund, leave encashment fund and any other special scheme or benefits created, for the period after the Appointed Date shall be deemed to be contributions made by Transferee Company.
- (v) The Transferee Company shall continue to abide by any agreement(s)/settlement(s) entered into by the Transferor Company with any of its employees prior to Appointed Date and from Appointed Date till the Effective Date.

12 Legal Proceedings:

- (i) All proceedings of whatsoever nature (legal and others, including any suits, appeals, arbitrations, execution proceedings, revisions, writ petitions, if any) by or against the Transferor Company shall not abate, be discontinued or be in any way prejudicially affected by reason of the transfer of the Undertaking or anything contained in this Scheme but the said proceedings, shall, till the Effective Date be continued, prosecuted and enforced by or against the Transferor Company, as if this Scheme had not been made.
- (ii) Upon the coming into effect of this Scheme, all suits, actions, and other proceedings including legal and taxation proceedings, (including before any statutory or quasi-judicial authority or tribunal) by or against the Transferor Company, whether pending and/or arising on or before the Effective Date shall be continued and / or enforced by or against the Transferee Company as effectually and in the same manner and to the same extent as if the same had been instituted and/or pending and/or arising by or against the Transferee Company.
- (iii) The Transferee Company undertakes to have accepted on behalf of itself, all suits, claims, actions and legal proceedings initiated by or against the Transferor Company transferred to its name and to have the same continued, prosecuted and enforced by or against the Transferee Company.



- (iv) On and from the Effective Date, the Transferee Company shall have a right, if required, to initiate any legal proceedings in relation to any transactions entered into by the Transferor Company in the same manner and to the same extent as would or might have been initiated by the Transferor Company.
- 13 All books, records, files, papers, information, databases, and all other books and records, whether in physical or electronic form, of the Transferor Company, to the extent possible and permitted under Applicable Law, be handed over to the Transferee Company.
- 14 Without prejudice to the provisions of Clause 6.0 to 13.0 above, with effect from the Appointed Date, all inter-party transactions amongst the Transferor Company and the Transferee Company shall be considered as intra-party transactions for all purposes.
- 15 Without prejudice to the other provisions of this Scheme and notwithstanding the fact that vesting of the Undertaking occurs by virtue of this Scheme itself, the Transferee Company may, at any time after the coming into effect of the Scheme, in accordance with the provisions hereof, if so required under any law or otherwise, take such actions and execute such deeds (including deeds of adherence), confirmations or other writings or arrangements with any party to any contract or arrangement to which the Transferor Company are party or any writings as may be necessary in order to give formal effect to the provisions of this Scheme. It is hereby clarified that if the consent of any third party or authority is required to give effect to the provisions of this clause, the said third party or authority shall be obligated to, and shall make and duly record the necessary substitution/endorsement in the name of the Transferee Company pursuant to the Order of NCLT, and upon this Scheme becoming effective in accordance with the terms hereof. For this purpose, the Transferee Company shall file appropriate applications/documents with relevant authorities concerned for information and record purposes. The Transferee Company shall, under the provisions of this Scheme, be deemed to be authorised to execute any such writings on behalf of the Transferor Company and to carry out or perform all such formalities or compliances referred to above on the part of the Transferor Company to be carried out or performed.
- 16 **Conduct of Business**
- 16.1 With effect from the Appointed Date and up to and including the Effective Date:
- (i) the Transferor Company shall carry on and be deemed to have carried on all business and activities and shall hold and stand possessed of and shall be deemed to hold and stand possessed of the of all its estates, assets, rights, title, interest, authorities, contracts, investments and strategic decisions and the entire business for and on account of, and in trust for, the Transferee Company;
- (ii) all profits and income accruing or arising to the Transferor Company, and losses and expenditure arising or incurred by the Transferor Company for the period commencing from the Appointed Date shall, for all purposes, be treated as and be deemed to be the



profits, income, losses or expenditure, as the case may be, of the Transferee Company;

- (iii) any of the rights, powers, authorities or privileges exercised by the Transferor Company shall be deemed to have been exercised by the Transferor Company for and on behalf of, and in trust for and as an agent of the Transferee Company. Similarly, any of the obligations, duties and commitments that have been undertaken or discharged by the Transferor Company shall be deemed to have been undertaken for and on behalf of and as an agent of the Transferee Company;
- (iv) all taxes, where applicable, (including but not limited to advance income tax, tax deducted at source, self-assessment tax, minimum alternate tax, wealth tax, fringe benefit tax, tax collected at source, taxes withheld/paid in a foreign country, sales tax, excise duty, customs duty, service tax or Goods and Services Tax, as applicable, Value Added Tax, cess, tax refunds) payable by or refundable to the Transferor Company, including all or any tax refunds or tax liabilities or tax claims arising from pending tax proceedings, under any law, on or before the Effective Date, shall be treated as or deemed to be treated as the tax liability or tax refunds/tax claims (whether or not recorded in the books of the Transferor Company) as the case may be, of the Transferee Company, and any unabsorbed tax losses and depreciation, etc., as would have been available to the Transferor Company on or before the Effective Date, shall be available to the Transferee Company upon the Scheme coming into effect;
- (v) The Transferor Company shall not without the concurrence of Transferee Company alienate, charge or otherwise deal with any of its assets, except in the ordinary course of its business.

17 Saving of Concluded Transactions

Subject to the terms of the Scheme, the transfer and vesting of the Undertaking as per the provisions of the Scheme shall not affect any transactions or proceedings already concluded by the Transferor Company on or before the Appointed Date or after the Appointed Date till the Effective Date. The Transferee Company accepts and adopts all acts, deeds and things made, done and executed by the Transferor Company or its predecessors as acts, deeds and things made, done and executed by or on behalf of the Transferee Company.



18 Consideration

- 18.1 Upon the coming into effect of this Scheme, the share certificates, if any, and/or the shares in electronic form representing the shares held by the Transferee Company in the Transferor Company shall be deemed to be cancelled without any further act or deed for cancellation thereof by the Transferee Company, and shall cease to be in existence accordingly.
- 18.2 Upon the Scheme coming into effect and in consideration of the Amalgamation, the shareholders of the Transferor Company (other than for shares already held by the Transferee Company in the Transferor Company), whose name appear in the Register of Members as on the Record Date (as defined in the Scheme), or to their respective heirs, executors, administrators or other legal representatives or the successors-in-title as the case may be, shall be eligible to receive 59 (fifty nine) fully paid up equity shares of Re. 1/- each of the Transferee Company for every 10 (ten) fully paid up equity shares of Rs. 10/- each of the Transferor Company held by such shareholder.
- 18.3 The Share Exchange Ratio mentioned above has been arrived at based on the valuation report jointly issued by M/s Sharp & Tannan, an Independent Chartered Accountants and M/s R.V. Shah and Associates, an Independent Chartered Accountants. Finshore Management Services Limited and Ashika Capital Limited, Independent Merchant Bankers have provided fairness report on the fairness of the Share Exchange Ratio determined for the amalgamation of Transferor Company with Transferee Company. Based on the recommendations of the Audit Committees of Transferor Company and that of Transferee Company, the valuation report and fairness opinions as aforesaid have been duly approved by the Board of Directors of both, Transferor Company and Transferee Company.
- 18.4 The equity shares to be issued and allotted by the Transferee Company in terms of Clause 18.2 shall be subject to the provisions of the Memorandum and Articles of Association of Transferee Company.
- 18.5 Further, the equity shares to be issued in terms of Clause 18.2 on Amalgamation shall rank *pari passu* with the existing equity shares of the Transferee Company.
- 18.6 Fractional entitlements to which the members of the Transferor Company may be entitled on issue and allotment of equity shares in the Transferee Company, shall be rounded off to the nearest upward integer for the purposes of determining the number of equity shares in the Transferee Company to be allotted by the Transferee Company to the members of the Transferor Company pursuant to Clause 18.2 above. The Board of Directors of the Transferee Company, if it deems necessary, in the interest of allottees, approve such other method in this behalf as it may, in its absolute discretion, deem fit
- 18.7 The equity shares to be issued pursuant to this Scheme shall be issued to the shareholders of the Transferor Company in such form, physical or dematerialised, as permitted under Applicable Laws.



- 18.8 In the event of there being any pending share transfers, whether lodged or outstanding, of any shareholder of the Transferor Company, the Board of Directors or any committee thereof, of the Transferor Company, at the sole discretion, shall be empowered in appropriate cases, prior to or even subsequent to the Effective Date as the case may be to effectuate such a transfer in Transferor Company as if such changes in registered holder were operative as on the Effective Date in order to remove any difficulties in relation to the new shares after the Scheme becomes effective and the Board of Directors of the Transferee Company shall be empowered to remove such difficulties as may arise in the course of implementation of the Scheme and registration of new members in the Transferee Company on account of difficulties faced in the transition period.
- 18.9 The equity shares of Transferee Company to be issued to the shareholders of the Transferor Company under Clause 18.2 will be listed with BSE and NSE and admitted for trading and the Transferee Company shall comply with the requirements of the SEBI Circular and take all steps to get the equity shares to be issued pursuant to the Scheme listed on BSE and NSE on which the equity shares of the Transferor Company are listed, in accordance with relevant regulations. The Transferee Company shall enter into such arrangement and issue such confirmations and/or undertakings as may be necessary in accordance with the Applicable Laws or regulation for the above purpose.
- 18.10 The equity shares of the Transferee Company issued in terms of this Scheme shall pursuant to the SEBI Circular and subject to compliance with requisite formalities be listed and/or admitted to trading on the relevant Stock Exchange(s) where the existing equity shares of the Transferor Company are listed and/or admitted to trading, i.e., BSE and NSE. The Transferee Company shall enter into such arrangement and issue such confirmations and/or undertakings as may be necessary in accordance with the Applicable Laws or regulation for the above purpose. On such formalities being fulfilled, the Stock Exchanges shall list and/or admit such equity shares issued pursuant to this Scheme, for the purpose of trading.
- 18.11 The equity shares in the Transferee Company allotted pursuant to the Scheme shall remain frozen in the depositories system till listing/trading permission is given by the designated stock exchange.
- 18.12 Post the issue of shares pursuant to Clause 18.2, there shall be no change in the shareholding pattern or control in the Transferee Company between the Record Date and the listing which may affect the status of the approval by the Stock Exchanges.
- 18.13 In the event that the companies restructure their equity share capital by way of share split/consolidation/issue of bonus shares during the pendency of the Scheme, the share exchange ratio shall be adjusted accordingly to take into account the effect of any such corporate actions.
- 18.14 The issue and allotment of equity shares by the Transferee Company to the equity shareholders of Transferor Company under this Scheme shall be deemed to have been carried out without any further act or deed by the Transferee Company as if the procedure laid down under Section



62(1)(c) of the Act and/or any other applicable provisions of the Act, if applicable, were duly complied with.

- 18.15 The equity shares to be issued by the Transferee Company pursuant to this Scheme in respect of any equity shares of the Transferor Company which are held in abeyance under the Act or otherwise shall, pending allotment or settlement of dispute by order of a court or otherwise, also be kept in abeyance by the Transferee Company.



19 Accounting Treatment

- 19.1 The Transferee Company shall record the assets, liabilities and reserves of the Transferor Company, as on Appointed Date, vested in it pursuant to the Scheme at their respective carrying values as per 'Pooling of Interest Method' of accounting as per Indian Accounting Standard (Ind AS) 103 (Business Combination) in accordance with Appendix C of 'Business Combinations of entities under common control' under the Companies (Indian Accounting Standards) Rules, 2015. No adjustment shall be made to reflect the fair values, or recognise any new assets or liabilities.
- 19.2 The identity of the reserves of Transferor Company shall be preserved and shall appear in the financial statements of the Transferee Company in the same form, in which they appeared in the financial statements of the Transferor Company.
- 19.3 Upon coming into effect of this Scheme, the Transferee Company shall issue new equity shares to the shareholders of the Transferor Company (other than for shares, if any, held by Transferee Company into the Transferor Company). These new equity shares shall be issued and recorded at face value and accordingly the aggregate face value of the shares to be issued shall be credited to Transferee Company's share capital account;
- 19.4 The carrying value of investments in the financial statements of the Transferee Company in the equity share capital of the Transferor Company shall stand cancelled pursuant to the Scheme becoming effective and there shall be no further obligation in that behalf.
- 19.5 Upon coming into effect of this Scheme, to the extent there are inter-corporate loans / advances, deposits balances or other obligations as between Transferor Company and the Transferee Company, the obligations in respect thereof shall come to an end and corresponding effect shall be given in the books of accounts and records of the Transferee Company for the reduction of any assets or liabilities, as the case may be.
- 19.6 The amount of difference between, (i) the face value of new shares issued and allotted to the shareholders of the Transferor Company and cancellation of the investments, if any, held by Transferee Company into the Transferor Company and (ii) the carrying value of net assets (including the reserves), would be adjusted against capital reserves.
- 19.7 In case of any difference in accounting policy between the Transferee Company and the Transferor Company, the impact of the same will be quantified and the same shall be appropriately adjusted against the capital reserves of the Transferee Company.
- 19.8 The costs and expenses relating to the Scheme shall be accounted for in the profit & loss account.
- 19.9 Comparative accounting period presented in the financial statements of the Transferee Company shall be restated for the accounting impact of Amalgamation, as stated above, as if the Amalgamation had occurred from the beginning of the comparative period in the financial



statement. In case the business combination had occurred after that date, the prior period information shall be restated only from that date.

19.10 The Board of Directors may adopt any other accounting treatment for the Amalgamation in consultation with the auditors which is in accordance with Accounting Standards notified under the Act.

20 Dissolution of the Transferor Company

Upon the coming into effect of the Scheme, the Transferor Company shall, without any further act, instrument or deed, stand dissolved without winding-up.



CHAPTER 3 – OTHER TERMS AND CONDITIONS

21 Reorganisation and combination of Authorised Share Capital

21.1 Upon this Scheme becoming effective, pursuant to the applicable provisions of the Act and Article V of the Memorandum of Association of the Transferor Company and Transferee Company, the authorized share capital of the Transferor Company as on the Effective Date shall be transferred to the Transferee Company. Immediately thereafter, as an integral part of this Scheme, the authorized share capital of the Transferor Company comprising of equity shares of face value of Rs 10 (Rupees Ten) each, shall be split and be reclassified as equity share of face value of Re 1 (Rupee One) each and get combined with the authorized share capital of the Transferee Company. Pursuant immediately to the reclassification and consolidation of authorized share capital as envisaged above, the Memorandum of Association of the Transferee Company shall automatically stand amended and altered.

21.2 Accordingly, Clause V of the Memorandum of Association of the Transferee Company shall, without any further act, instrument or deed, be and stand altered, modified and amended pursuant to Sections 13, 61, 64 and Section 232 of the Act and other applicable provisions of the Act, as the case may be and be replaced by the following clause:

“The Authorised Share Capital of the Company is Rs. 103, 02,00,000/- (Rupees One Hundred and Three Crore Two Lakh only) divided into 103, 02,00,000/- (One Hundred and Three Crore Two Lakh only) equity shares of Re. 1/- (Rupee One only) each with power to increase and reduce the capital of the Company and consolidate, divide or sub-divide the shares in capital for the time being into several classes and to attach thereto respectively such preferential, qualified or special rights, privileges or conditions as may be determined by or in connection with the Articles of the Company for the time being and to modify or abrogate any such rights, privileges or conditions in accordance with the provisions of the Act, or provided by the Articles of the Company for the time being.”

21.3 The filing fees (including registration fees, if any) paid on the authorised share capital of the Transferor Company shall be set-off against any filing fees payable by the Transferee Company on increase of its authorised share capital pursuant to the amalgamation. The Transferee Company shall file the requisite documents with the Registrar of Companies, which has jurisdiction over the Transferee Company, for the increase of the authorised share capital of the Transferee Company, as aforesaid.

21.4 It is further clarified that the approval of the members of the Transferee Company to the Scheme shall be deemed to be their consent/approval for the increase of the authorized capital and amendment of the capital clause of the Memorandum of Association of the Transferee Company, under the provisions of the Act..

22 Conditions to effectiveness of the Scheme



22.1 The coming into effect of this Scheme is conditional upon and subject to:

- (i) pursuant to provisions of the Competition Act, 2002 (including any statutory modification or re-enactment thereof) and the rules and regulations thereunder, the first of the CCI (or any appellate authority in India having appropriate jurisdiction) having either:
 - (a) granted approval to the Scheme; or
 - (b) been deemed to have granted approval to the Scheme through the expiration of time periods available for their investigation;
- (ii) the Stock Exchanges having issued their observation / no-objection letter as required under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, read with the SEBI Circular;
- (iii) the Scheme being approved by the respective requisite majorities of the various classes of members (passed through postal ballot / e-voting as applicable) and secured and unsecured creditors (as applicable) of the Transferor Company and the Transferee Company as required under the Act and as applicable under SEBI Circular, subject to any dispensation that may be granted by the NCLT;
- (iv) pursuant to the para I(A)(9)(a) of Annexure I to SEBI Circular, the Scheme shall be acted upon only if the votes cast by the public shareholders in favour of the proposal are more than the number of votes cast by the public shareholders against it in relation to both the Transferor Company and the Transferee Company. The term 'public' shall carry the same meaning as defined in Rule 2 of the Securities Contracts (Regulation) Rules, 1957.
- (v) sanctions and Order under provisions of the Sections 230 to 232 of the Act being obtained from NCLT;
- (vi) the certified copy of the Orders of NCLT approving this Scheme being uploaded and filed at the portal of Ministry of Corporate Affairs.

22.2 The Transferor Company and the Transferee Company shall be at liberty to withdraw the Scheme any time as per their discretion.

23 Dividend

23.1 During the pendency of the Scheme, the companies shall be entitled to declare and pay dividends, whether interim and/or final, to their members in respect of the accounting period prior to the Effective Date as per their past practice.



- 23.2 The holders of the shares of the Companies shall, save as expressly provided otherwise in this Scheme, continue to enjoy their existing rights under their respective Articles of Association including the right to receive dividends.
- 23.3 On and from the Effective Date, the profits and losses of Transferor Company for the period beginning from the Appointed Date shall belong to and be deemed to be the profits and losses of Transferee Company and will be available to Transferee Company, for being disposed of in any manner as it deems fit.
- 23.4 It is clarified that the aforesaid provisions in respect of declaration of dividends are enabling provisions only and shall not be deemed to confer any right on any member of the companies to demand or claim any dividends which, subject to the provisions of the Act, shall be entirely at the discretion of the respective Boards of Directors of the Companies and subject to the approval, if required, of the respective members of the companies.

24 Applications

- 24.1 The Companies shall make necessary applications before the NCLT for the sanction of this Scheme under Sections 230 to 232 and other applicable provisions of the Act, seeking orders for holding and/or conducting of the meetings of their respective shareholders, secured creditors and unsecured creditors, as applicable and for sanctioning this Scheme with such modifications, as may be approved by the NCLT.
- 24.2 The Transferee Company shall be entitled, pending the sanction of the Scheme, to apply to any Governmental Authority, if required, under any law for such consents and approvals which the Transferee Company may require.

25 Modifications to the Scheme

The Companies may, in their full and absolute discretion, jointly and as mutually agreed in writing:

- (i) assent to any alteration(s) or modification(s) to this Scheme or any clause of this Scheme which NCLT/or any other Governmental Authority (including but not limited to CCI, SEBI and Stock Exchange) may deem fit to approve or impose, and/or effect any other modification or amendment jointly and mutually agreed in writing;
- (ii) give such directions (acting jointly) as they may consider necessary to settle any question or difficulty arising under the Scheme or in regard to and of the meaning or interpretation of this Scheme or implementation hereof or in any matter whatsoever connected therewith, or to review the position relating to the satisfaction of various conditions of this Scheme and if necessary, to any of those (to the extent permissible under law);
- (iii) modify or vary this Scheme prior to the Effective Date in any manner at any time as per the sole discretion of the Transferor Company and the Transferee Company;



- (iv) if any clause or part of this Scheme is invalid, ruled illegal by any court / governmental authority, or unenforceable under present or future laws or withdrawn, then it is the intention of the Transferee Company and the Transferor Company that such part shall be severable from the remainder of this Scheme and this Scheme shall not be affected thereby, unless the deletion of such part shall cause this Scheme to become materially adverse to either the Transferee Company or the Transferor Company, in which case the Transferee Company and Transferor Company may, through mutual consent and acting through their respective Board of Directors, attempt to bring about appropriate modification to this Scheme, as will best preserve for each of them, the benefits and obligation of this Scheme, including but not limited to such part;
- (v) that if any clause or part of this Scheme is found to be unworkable for any reasons by the Transferor Company and/or the Transferee Company whatsoever, then the Transferor Company and / or the Transferee Company have a right to withdraw that clause or part of the Scheme or the entire Scheme prior to the Effective Date in any manner at any time; or
- (vi) determine jointly whether any asset, liability, employee, legal or other proceedings pertains to the Transferor Company or not, on the basis of any evidence that they may deem relevant for this purpose.

26 **When the Scheme comes into operation**

- 26.1 The Scheme shall come into operation from the Appointed Date but the same shall become effective on and from the Effective Date but shall be subject to the conditions set out in Clause 22.
- 26.2 With effect from the Effective Date, the Transferee Company shall carry on and shall be authorized to carry on the businesses of the Transferor Company. The Transferee Company is and shall always be deemed to have been authorized to execute any pleadings, applications, forms, etc., as may be required to remove any difficulties and carry out any formalities or compliance as are necessary for the implementation of the Scheme. For the purposes of giving effect to the Order of NCLT, Transferee Company shall at any time pursuant to such order be entitled to get the recordal of change in the legal right(s) upon the amalgamation of Transferor Company, in accordance with the provisions of the Sections 230 to 232 and/or the other applicable provision of the 2013 Act, as case may be.

27 **COMPLIANCE WITH TAX LAWS**

- 27.1 This Scheme is in compliance with the conditions relating to “Amalgamation” as specified under Section 2(1B) of the Income Tax Act. If any terms or provisions of the Scheme are found or interpreted to be inconsistent with the provisions of the said Section at any time including resulting from a retrospective amendment of law or for any other reason whatsoever, till the time the Scheme becomes effective, the provisions of the said Section of the Income Tax Act shall prevail and the Scheme shall stand modified to the extent determined necessary to comply with Section 2(1B) of the Income Tax Act.



27.2 On or after the Effective Date, the Transferor Company and Transferee Company shall have the right to revise their financial statements and tax returns (including withholding tax returns), along with the prescribed forms, filings and annexures under the provisions of the Income Tax Act (including for the purpose of re-computing income tax under the normal provisions, minimum alternative tax, and claiming other tax benefits), Wealth Tax Act, 1957, customs duty law, central sales tax, applicable state value added tax, service tax laws, excise duty laws, Goods and Services tax, VAT law or other tax laws, and to claim refunds and/or credits for taxes paid (including tax deducted at source, goods and services tax, etc.) and to claim tax benefits, etc., and for matters incidental thereto, if required to give effect to the provisions of the Scheme.

Without prejudice to the generality of the foregoing, upon the coming into effect of this Scheme, Transferor Company and the Transferee Company are expressly permitted to file/ revise/ reopen their respective tax returns / computation of total income after giving effect of Amalgamation electronically and if the electronic filing is not enabled in the official website of the income tax department, it can be filed manually before the income tax authorities holding jurisdiction over the Transferor Company and the Transferee Company even if the time limit prescribed for filing revised return of income / computation of total income, as applicable has lapsed and/or assessment proceedings has been completed and no further approval for filing revised return / revised computation of total income after giving effect of the Amalgamation shall be required from CBDT or any other Appropriate Authority and also revise related withholding tax certificates, including withholding tax certificates relating to transactions between Transferor Company and the Transferee Company, to the extent required and to claim refunds, advance tax and withholding tax credits, and benefit of credit for minimum alternate tax, or tax related deductions, or any other tax related compliances or filings of forms.

27.3 As and from the Appointed Date, all tax proceedings shall be continued and enforced by or against the Transferee Company in the same manner and to the same extent as would or might have been continued and enforced by or against the Transferor Company. Further, all tax proceedings shall not in any way be prejudicially affected by reason of the Amalgamation of the Transferor Company with the Transferee Company or anything contained in the Scheme.

27.4 Any tax liabilities under the Income Tax Act, Wealth Tax Act, 1957, customs duty laws, central sales tax, applicable state value added tax, service tax laws, excise duty laws, Goods and Services tax, VAT law or other Applicable Laws/regulations dealing with taxes, duties, levies allocable or related to the Transferor Company to the extent not provided for or covered by tax provision in the accounts made as on the date immediately preceding the Appointed Date shall be transferred or stand transferred to Transferee Company. Any surplus in the provision for taxation/duties/levies account including advance tax and tax deducted at source and MAT credit as on the date immediately preceding the Appointed Date will also be transferred to the account of the Transferee Company.

27.5 Any refund under the Income Tax Act, Wealth-tax Act, 1957, customs duty laws, central sales tax, applicable state value added tax, service tax laws, excise duty laws, Goods and Services tax, VAT law or other Applicable Laws/regulations dealing with taxes/duties/levies allocable or related to the business of the Transferor Company due to Transferor Company consequent to



the assessment made on Transferor Company and for which no credit is taken in the accounts as on the date immediately preceding the Appointed Date shall also belong to and be received by the Transferee Company.

- 27.6 Any tax payment (including, without limitation, income-tax, minimum alternate tax, taxes withheld/paid in a foreign country, dividend distribution tax, buy-back tax, securities transaction tax, sales tax, excise duty, custom duty, service tax, value added tax, Goods and Services tax, etc.) whether by way of deduction at source, advance tax or otherwise, howsoever, by the Transferor Company in respect of the profits or activities or operation of the business on or after the Appointed Date, the same shall be deemed to be the corresponding item paid by the Transferee Company and shall, in all proceedings, be dealt with accordingly. Without prejudice to the generality of the foregoing, on and from the Appointed Date, if any certificate for tax deducted or collected at source or any other tax credit certificate relating to the Transferor Company is received in the name of Transferor Company, or tax credit relating to the Transferor Company is appearing in Form 26AS of the Transferor Company, it shall be deemed to have been received by and in the name of the Transferee Company which alone shall be entitled to claim credit for such tax deducted or paid.
- 27.7 Obligation for deduction of tax at source on any payment made by or to be made by the Transferor Company under the Income Tax Act, Wealth Tax Act, 1957, customs duty laws, central sales tax, applicable state value added tax, service tax laws, excise duty laws, Goods and Services tax, VAT law or other Applicable Laws / regulations dealing with taxes / duties / levies shall be made or deemed to be have been made and duly complied with by the Transferee Company.
- 27.8 All deductions otherwise admissible to the Transferor Company including payment admissible on actual payment or on deduction of appropriate taxes or on payment or tax deducted at source (such as, under Sections 40, 40A, 43B, etc., of the Income Tax Act) shall be available for deduction to the Transferee Company as it would have been available to the Transferor Company.
- 27.9 The accumulated losses and the allowances for unabsorbed depreciation of the Transferor Company shall be deemed to be the loss and allowance for unabsorbed depreciation of the Transferee Company in accordance with Section 72A of the Income Tax Act.
- 27.10 Without prejudice to the generality of the above, accumulated losses and allowance for unabsorbed depreciation as per Section 72A of the Income Tax Act, losses brought forward and unabsorbed depreciation as per books of accounts, credits (including, without limitation, income tax, minimum alternate tax, tax deducted at source, taxes withheld/ paid in a foreign country, wealth tax, service tax, excise duty, central sales tax, applicable state value added tax, customs duty drawback, Goods and Services tax, etc.) to which the Transferor Company are entitled to in terms of Applicable Laws, shall be available to and vest in / deemed to be carried out by the Transferee Company, upon coming into effect of this Scheme.

28 Severability



- 28.1 If any part of this Scheme is found to be unworkable for any reason whatsoever, the same shall not, subject to the decision of the Companies, affect the validity or implementation of the other parts and/or provisions of this Scheme.
- 28.2 In the event of any inconsistency between any of the terms and conditions of any earlier arrangement between the Companies and their respective shareholders, and the terms and conditions of this Scheme, the latter shall prevail.

29 **Costs**

- 29.1 In the event of the Scheme not being sanctioned by the NCLT, the Scheme shall become null and void and each party shall bear and pay its respective costs, charges and expenses for and/or in connection with the Scheme.
- 29.2 Subject to clause 29.1 above, all taxes including duties (including the adjudication charges/fees and stamp duty, if any, applicable in relation to this Scheme), levies and all other similar expenses, if any (save as expressly otherwise agreed) of the Transferor Company and the Transferee Company arising out of or incurred in carrying out and implementing this Scheme / Amalgamation and matters incidental thereto shall be borne and paid by the Transferee Company. Transferee Company shall be entitled to claim deduction on the expenses incurred by Transferor Company in relation to the Scheme.



SRIKALAHASTHI PIPES LIMITED						
Regd. Office & Works: Rachagunneri-517641, Srikalahasthi Mandal, Chittoor District, Andhra Pradesh CIN : L74999AP1991PLC013391; Phone : 08578 - 286650 - 655 email: companysecretary@srikalahasthipipes.com; Website : www.srikalahasthipipes.com						
STATEMENT OF STANDALONE AUDITED FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED MARCH 31, 2021						
(All amounts in Indian Rupees Lakhs Except per Share Data)						
Sl. No.	Particulars	Quarter Ended			Year Ended	
		March 31, 2021	December 31, 2020	March 31, 2020	March 31, 2021	March 31, 2020
		(Audited)	(Unaudited)	(Audited)	(Audited)	(Audited)
I	Revenue from Operations	47,450.82	42,662.45	39,847.48	1,50,258.53	1,66,290.16
II	Other Income	1,018.35	1,427.65	2,096.65	5,633.71	6,369.32
III	Total income (I+II)	48,469.17	44,090.10	41,944.13	1,55,892.24	1,72,659.48
IV	Expenses:					
	(a) Cost of materials consumed	20,204.97	20,817.82	17,263.60	72,938.45	82,720.34
	(b) Purchase of stock in trade	2,710.46	-	130.00	3,632.53	6,493.91
	(c) Changes in inventories of finished goods and work-in-progress	3,249.71	(2,057.74)	1,380.56	3,293.70	(3,673.64)
	(d) Employee benefits expense	2,412.28	2,377.29	2,077.65	8,347.37	8,724.17
	(e) Finance Costs	852.28	1,205.26	1,353.88	4,555.96	4,620.06
	(f) Depreciation and amortisation expense	1,176.69	1,153.09	1,049.97	4,624.24	4,116.70
	(g) Other expenses	12,392.96	13,930.61	12,289.26	43,957.80	46,005.77
	Total Expenses (IV)	42,999.35	37,426.33	35,544.92	1,41,350.05	1,49,007.31
V	Profit/(Loss) before tax (I-IV)	5,469.82	6,663.77	6,399.21	14,542.19	23,652.17
VI	Tax expense					
	(a) Current Tax	1,139.48	1,790.31	1,613.03	3,765.94	5,926.65
	(b) Deferred Tax	352.66	195.68	(286.72)	411.02	(1,042.11)
	Total Tax expense	1,492.14	1,985.99	1,326.31	4,176.96	4,884.54
VII	Profit/(Loss) for the period (V-VI)	3,977.68	4,677.78	5,072.90	10,365.23	18,767.63
VIII	Other Comprehensive Income					
	Items that will not be reclassified to profit or loss	(1.94)	(9.32)	(6.63)	(15.91)	(18.63)
	Income Tax relating to items that will not be reclassified to profit or loss	0.48	2.34	2.26	4.00	4.69
	Other Comprehensive Income (Net of Tax)	(1.46)	(6.98)	(4.37)	(11.91)	(13.94)
IX	Total Comprehensive Income for the period (VII+VIII)	3,976.22	4,670.80	5,068.53	10,353.32	18,753.69
X	Paid-up equity share capital (Face Value Rs.10/- per Share)	4,669.84	4,669.84	4,669.84	4,669.84	4,669.84
XI	Other Equity excluding Revaluation Reserve				1,44,029.52	1,36,945.09
XII	Earnings Per Share (EPS) of Rs. 10 each (not annualised)					
	Basic and Diluted EPS (in Rs.)	8.52	10.02	10.86	22.20	40.19

Notes:-

1) The above Audited financial result for the quarter and year ended March 31, 2021 includes Statement of Assets and Liabilities as on March 31, 2021 (Enclosed as "Annexure I") and Cash Flow for the year ended March 31, 2021 (Enclosed as "Annexure II") attached herewith. These results have been compiled keeping in view the provision of Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with SEBI Circular dated July 05, 2016 and have been reviewed by the Audit Committee and approved by the Board of Directors on May 04, 2021. The results have been subjected to Audit by the Statutory Auditors

2) In terms of Ind AS-108 "Operating Segment", the Company has one business segment i.e. Pipes and all other activities revolve around said business.

3) Revenue from operations include Trading Sales as below:

	Quarter Ended			Year Ended	
	March 31, 2021	December 31, 2020	March 31, 2020	March 31, 2021	March 31, 2020
	2,891.62	-	182.70	3,847.24	6,921.08

4) In terms of the resolution dated October 05, 2020 of the Board of Directors, the company is proposed to be amalgamated with Electrosteel Castings Limited (ECL) with effect from October 01, 2020 and necessary scheme in this respect ('the Scheme') on receipt of approval from stock exchanges etc. has been filed with Hon'ble National Company Law Tribunal ('NCLT'). Pending order of NCLT approving the Scheme and filing the Scheme thereafter with relevant authorities the effect of the same has not been given in these financial results.

5) The project undertaken by the company for expansion of production capacity of MBF and DIP from 3,00,000 TPA to 4,00,000 TPA was in progress and Rs. 17,237.12 lakhs (including Rs. 13,200.08 lakhs incurred during the year) so far incurred has been carried forward under capital work in progress.

6) Subsequent to the balance sheet date, the Board of Directors has recommended a dividend of Rs. 6/- per share to be paid on fully paid equity shares in respect of the financial year ended March 31, 2021. This equity dividend is subject to approval by shareholders at the ensuing Annual General Meeting and has not been included as a liability in these financial statements. The total estimated equity dividend to be paid is Rs. 2801.90 lakhs.

7) The outbreak of COVID-19 pandemic has caused slow down in economic activity having impact in operations and revenue of the company since activities were resumed from first week of May 2020 and could be stabilised during the first quarter of the year. The Company has reviewed and considered the impact upto the date of approval of these financial statements based on internal and external informations and related estimates and assumptions and no adjustments in the carrying value of current and non-current assets as on March 31, 2021 are expected to arise.

8)(a) The figures for the quarters ended March 31, 2021 and March 31, 2020 are the balancing figures between the audited figures in respect of the full financial year and the year to date upto the quarter ended December 31 of the respective years which were subject to limited review by the Statutory Auditors.

b) Previous periods' figures have been regrouped wherever appropriate to conform to current periods' presentation.

For SRIKALAHASTHI PIPES LIMITED



Gouri Shankar Rathi
Whole Time Director
(DIN No: 00083992)

Place : Chennai.

Date : May 04, 2021.

		SRIKALAHASTHI PIPES LIMITED STATEMENT OF ASSETS AND LIABILITIES AS AT MARCH 31, 2021	
		(Rs. in lakhs)	
	Particulars	As at March 31, 2021	As at March 31, 2020
	ASSETS		
1	Non-Current Assets		
	a. Property, Plant and Equipment	92,579.77	92,659.23
	b. Capital Work-In-Progress	17,237.12	4,037.04
	c. Other Intangible Assets	32.43	51.39
	d. Financial Assets		
	(i) Loans	1,105.01	1,043.49
	(ii) Other Financial Assets	33.53	13.53
	e. Other Non Current Assets	200.95	652.86
	f. Non Current Tax Assets	637.57	567.71
	Total Non-Current Assets	1,11,826.38	99,025.25
2	Current Assets		
	a. Inventories	30,571.07	33,283.87
	b. Financial Assets		
	(i) Investments	15,660.59	-
	(ii) Trade Receivables	22,580.67	54,172.63
	(iii) Cash and Cash Equivalents	11,582.52	804.13
	(iv) Bank Balances Other than (iii) above	24,699.00	35,496.04
	(v) Loans	1,938.38	4,888.31
	(vi) Other Financial Assets	2,318.88	3,057.17
	c. Other Current Assets	11,007.36	7,163.56
	Total Current Assets	1,20,358.47	1,38,865.71
	Total Assets	2,32,184.85	2,37,890.96
	EQUITY AND LIABILITIES		
1	Equity		
	a. Equity Share Capital	4,669.84	4,669.84
	b. Other Equity	1,44,029.52	1,36,945.09
	Total Equity	1,48,699.36	1,41,614.93
2	Liabilities		
	Non-Current Liabilities		
	a. Financial Liabilities		
	(i) Borrowings	12,247.87	11,810.72
	(ii) Lease Liabilities	1,952.60	1,948.91
	b. Provisions	835.57	768.84
	c. Deferred Tax Liabilities (Net)	13,678.45	13,271.43
	d. Other Non Current Liabilities		
	(i) Deferred Income	371.80	397.44
	Total Non-Current Liabilities	29,086.29	28,197.34
	Current Liabilities		
	a. Financial Liabilities		
	(i) Borrowings	11,765.04	37,121.43
	(ii) Operational Buyer's Credit/ Supplier's Credit	18,035.34	8,269.32
	(iii) Trade Payables		
	Total Outstanding dues to Micro Enterprises and Small Enterprises	2,554.79	44.86
	Total Outstanding dues of Creditors Other than Micro Enterprises and Small Enterprises	8,475.15	12,691.01
	(iv) Other Financial Liabilities	7,695.45	5,394.78
	b. Other Current Liabilities	4,917.56	3,776.45
	c. Provisions	558.97	598.85
	d. Current Tax Liability	396.90	181.99
	Total Current Liabilities	54,399.20	68,078.69
	Total Liabilities	83,485.49	96,276.03
	Total Equity and Liabilities	2,32,184.85	2,37,890.96





SRIKALAHASTHI PIPES LIMITED
STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 31, 2021

(Rs. in lakhs)

Particulars	For the Year ended March 31, 2021		For the Year ended March 31, 2020	
A. Cash Flow from operating activities				
Profit/(Loss) before tax		14,542.19		23,652.17
Adjustment to reconcile Profit/(Loss) before tax to net cash generated from operating activities				
Finance Cost	4,555.96		4,620.06	
Depreciation and Amortisation Expense	4,624.24		4,116.70	
Loss/(profit) on sale/discard of fixed assets	(3.86)		(2.17)	
Deferred Income	(25.64)		(136.30)	
Interest Income on loans, deposits, overdue debts etc.	(4,568.48)		(5,384.31)	
Unrealised (gain)/ Loss on foreign currency translation and transaction	15.72		4.09	
Sundry credit balances written back	(34.81)		-	
Unrealised (gain)/loss on Derivative Instruments on fair valuation through profit and loss	116.51		(164.26)	
Net gain/(loss) on Current Investments measured at fair valuation through profit or loss	(274.28)	4,405.36	(79.96)	2,973.85
Operating Profit before Working Capital changes		18,947.55		26,626.02
Adjustments for :				
(Increase) / decrease in Loans, Other Financial and Non-Financial Assets	243.79		(437.52)	
(Increase) / decrease in Trade Receivables	32,555.76		(22,667.60)	
(Increase) / decrease in Inventories	2,712.80		1,984.10	
Increase / (decrease) in Other non-financial Liabilities and provisions	188.25		(1,281.59)	
Increase / (decrease) in Trade Payables and other financial Liabilities	3,863.43	39,564.03	(10,845.06)	(33,247.67)
Cash generated from / (used in) operations		58,511.58		(6,621.65)
Income taxes (paid)/refund (net)		(3,620.89)		(5,836.09)
Net Cash flow generated / (used in) Operating Activities (A)		54,890.69		(12,457.74)
B. Cash Flow from Investing Activities				
Purchase of Property, Plant and Equipment and movement in Capital Work in Progress	(14,343.48)		(10,583.79)	
Proceeds from sale of Property, Plant and Equipments	8.68		3.08	
Interest Received	5,257.63		4,708.11	
Movement in Fixed Deposits and other bank balances (having original maturity of more than three months)	10,810.15		(14,899.44)	
Purchase of Current Investments	(1,04,549.00)		(52,330.00)	
Proceeds from Sale of Current Investments	89,162.69		52,409.96	
(Increase) / decrease in Inter-Corporate Deposits	2,925.00		1,695.00	
Net Cash flow generated / (used in) Investing Activities (B)		(10,728.33)		(18,997.08)
C. Cash Flow from Financing Activities				
Repayment of Long Term Borrowings	(4,310.20)		(3,591.43)	
Proceeds from Long Term Borrowings	4,415.20		-	
Short Term Borrowings-Receipts/(Repayments)[Net]	(25,356.39)		18,401.32	
Interest and other borrowing cost paid	(4,718.00)		(4,732.59)	
Payment of Lease Liability	(158.80)		(178.62)	
Dividends (including corporate dividend tax)	(3,255.78)		(3,362.92)	
Net Cash flow generated / (used in) Financing Activities (C)		(33,383.97)		6,535.76
Net Increase/(Decrease) in Cash and Cash Equivalents(A+B+C)		10,778.39		(24,919.06)
Cash and Cash Equivalent as at Beginning of year		804.13		25,723.19
Cash and cash equivalents at the end of the year		11,582.52		804.13

Notes

1 The above Cash Flow Statement has been prepared under the " Indirect Method " as set out in the Indian Accounting Standard (Ind AS) 7 on Statement of Cash Flows.



INDEPENDENT AUDITORS' REPORT

**The Board of Directors of
Srikalahasthi Pipes Limited**

Report on the audit of the Standalone Annual Financial Results
Opinion

We have audited the accompanying standalone financial results of Srikalahasthi Pipes Limited ('the Company') for the year ended March 31, 2021 and the notes thereon (hereinafter referred to as the "Financial Results") attached herewith, being compiled by the company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("Listing Regulations"). The financial results has been initialled by us for the purpose of identification.

In our opinion and to the best of our information and according to the explanations given to us these standalone financial results:

- i. are presented in accordance with the requirements of Regulation 33 of the Listing Regulations in this regard; and
- ii. give a true and fair view in conformity with the recognition and measurement principles laid down in the applicable Indian Accounting Standards and other accounting principles generally accepted in India of the net profit for the year ended March 31, 2021 and other comprehensive income and other financial information for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013 (the Act). Our responsibilities under those Standards are further described in the Auditors' Responsibilities for the Audit of the Financial Results 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 together with the ethical requirements that are relevant to our audit of the financial results under the provisions of the Companies Act, 2013 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 on the annual financial results.

Management's Responsibilities for the Standalone Financial Results

These standalone financial results have been prepared on the basis of the standalone annual financial statements. The Company's Board of Directors are responsible for the preparation of these financial results that give a true and fair view of the net profit for the year ended March 31, 2020 and other comprehensive income and other financial information of the company in accordance with the recognition and measurement principles laid down in Indian Accounting Standard prescribed under Section 133 of the Act read with relevant rules issued thereunder and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations. 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 results that give a true and fair view and are free from material misstatement, whether due to fraud or error.



In preparing the financial results, the Board of 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 Board of Directors 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.

Auditors' Responsibilities for the Audit of the Standalone Financial Results

Our objectives are to obtain reasonable assurance about whether the financial results as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 standalone financial results.

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 results, 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. Under Section 143(3)(i) of the Act, we are also responsible for expressing an opinion whether the company has adequate internal financial controls with respect to financial statements 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 the Board of Directors.
- Conclude on the appropriateness of the Board of 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 auditors' report to the related disclosures in the financial results 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 auditors' 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 results, including the disclosures, and whether the financial results represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial results that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial results may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial results.



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.

Other Matters

These financial results include the results for the quarter ended March 31, being the balancing figures between the audited figures in respect of the full financial year and the published year to date figures upto December 31 of the relevant financial year. These figures were subject to limited review by us as required under the Listing Regulations. Our opinion is not modified in respect of this matters.

Place: Kolkata
Date: May 04, 2021



For Lodha & Co,
Chartered Accountants
Firm's ICAI Registration No.:301051E

R.P. Singh

R. P. Singh

Partner

Membership No: 052438

UDIN: 21052438AAAAABH2365

Independent Auditor's Review Report on the Quarterly and Year to Date Unaudited Standalone Financial Results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended)

To,
The Board of Directors,
Electrosteel Castings Limited

1. We have reviewed the accompanying statement of unaudited standalone financial results of **Electrosteel Castings Limited** ("the Company") for the Quarter ended December 31, 2020 and year to date from April 01, 2020 to December 31, 2020 ("the Statement") attached herewith, being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "Listing Regulations") read with SEBI Circular No. CIR/CFD/CMD1/44/2019 dated March 29, 2019 ('the Circular').
2. This Statement, which is the responsibility of the Company's Management and approved by the Company's Board of Directors in their meeting held on February 12, 2021, has been prepared in accordance with the recognition and measurement principles laid down in the Indian Accounting Standard 34, (Ind AS 34) "Interim Financial Reporting" prescribed under section 133, of the Companies Act, 2013 as amended, read with relevant rules issued thereunder and other accounting principles generally accepted in India. Our responsibility is to issue a report on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagement (SRE) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review is limited primarily to inquiries of Company personnel and analytical procedures applied to financial data and thus provide less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.
4. Attention is drawn to the following notes of the accompanying results:
 - a) Note No. 4 in respect to cancellation of coal block allotted to the company in earlier years and non-recognition of the claims receipt thereof & non-carrying of any adjustment in the books of accounts for the reasons stated in the note. Pending finalisation of the matter & as the matter is sub judice, disclosures as per Indian Accounting standard will be given effect on final settlement of the matter and the balances appearing in the books of accounts in respect to such coal block have been carried forward at their carrying cost and disclosed as capital work in progress, property plant & equipment, inventories and other heads of account. The impact and consequential adjustment thereof are not presently ascertainable.
 - b) Note No. 6 in respect to Company's investment amounting to Rs. 1653.76 lakhs in Electrosteel Steels Limited (ESL), the pledge of which was invoked by the lenders of ESL and the same has been set aside by the Hon'ble High Court at Calcutta. The plea of the company to release the pledge is pending before the Hon'ble High Court at Calcutta. Further certain fixed assets of Elavur plant of the Company which are mortgaged in favour of a Lender of ESL, who has assigned their rights to another entity and the symbolic possession has been taken in the previous year, has been disputed by the company as enumerated in the note. Above exposures have been carried forward at their existing carrying value & no impairment has been provided in respect to above and the impact of which is not presently ascertainable.

Singhi & Co.

Chartered Accountants

.....contd.

- c) Note No. 7 in respect to carry forward of claim recoverable amounting to Rs. 1778.11 Lakhs towards the compensation claimed from the Railway Authorities as mentioned in the note. The recovery of the same is dependent on the outcome of the arbitration process and is not presently ascertainable.

Impacts with respect to (a), (b) & (c) above are presently not ascertainable and as such cannot be commented upon by us.

Based on our review conducted as stated above, we report that, *excepting the possible effect of the matters stated above*, nothing has come to our attention that causes us to believe that the accompanying statement of unaudited financial results, prepared in accordance with the recognition and measurement principles laid down in the applicable Indian Accounting Standards as prescribed under section 133 of the Companies Act, 2013 as amended, read with relevant rules issued thereunder and other recognized accounting practices and policies has not disclosed the information required to be disclosed in terms of Listing Regulations, including the manner in which it is to be disclosed, or that it contains any material mis-statement.

5. We draw attention to the Note No. 10 of the financial results regarding Scheme of amalgamation between the company and Srikalahasthi Pipes Ltd. (SPL) wherein the SPL will be merged with the company with effect from the appointed date i.e. October 1, 2020 subject to the obtaining requisite approvals, as more fully described therein. Pending such approvals, no adjustment has been carried out in this quarter and nine months ended financial results. Our conclusion on the statement is not modified in respect of this matter.



For Singhi & Co.
Chartered Accountants
Firm's Registration No. 302049E

(GOPAL JAIN)
Partner

Membership No.: 059147
UDIN: 21059147AAAAA C7359

Place: Kolkata

Date: February 12, 2021



ELECTROSTEEL CASTINGS LIMITED

CIN: L27310OR1955PLC000310

Registered Office : Rathod Colony, Rajgangpur, Sundergarh, Odisha 770 017

Tel. No.:+91 06624 220 332; Fax:+91 06624 220 332

Corporate Office: 19, Camac Street, Kolkata 700 017

Website: www.electrosteel.com

E-mail: companysecretary@electrosteel.com

(Rs.in lakhs)

STATEMENT OF STANDALONE UNAUDITED RESULTS FOR THE QUARTER AND NINE MONTHS ENDED 31/12/2020

Particulars	3 months ended 31/12/2020	Preceding 3 months ended 30/09/2020	Corresponding 3 months ended in the previous year 31/12/2019	Year to date figures for current period ended 31/12/2020	Year to date figures for previous period ended 31/12/2019	Year to date figures for previous year ended 31/03/2020
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
1. Revenue From Operations	69717.69	62933.40	64681.84	151534.95	185746.06	247988.93
2. Other Income	1650.43	2153.88	521.97	4191.31	3626.01	4181.89
3. Total income (1 + 2)	71368.12	65087.28	65203.81	155726.26	189372.07	252170.82
4. EXPENSES						
(a) Cost of materials consumed	30782.33	28216.16	28272.45	68917.26	85313.36	111841.99
(b) Purchases of Stock-in-Trade	1051.48	1058.86	622.74	2416.07	2292.68	3166.87
(c) Changes in inventories of finished goods, Stock-in-Trade and work-in-progress	2313.07	908.68	1015.59	2509.37	(1274.66)	(557.40)
(d) Employee benefits expense	4798.07	4295.17	4425.20	12309.35	12941.67	17193.30
(e) Finance costs	4532.73	3788.70	5049.79	12747.26	16537.80	21989.75
(f) Depreciation and amortization expense	1344.68	1340.51	1331.65	3951.26	3935.86	5274.32
(g) Other expenses	21848.86	20592.92	19326.88	50548.62	57620.56	80908.46
Total expenses	66671.22	60201.00	60044.30	153399.19	177367.27	239817.29
5. Profit / (Loss) before tax (3 - 4)	4696.90	4886.28	5159.51	2327.07	12004.80	12353.53
6. Tax expense:						
Current tax	832.91	-	990.35	832.91	990.35	1351.26
Deferred tax	258.18	835.79	119.08	(806.30)	2151.75	1159.68
Related to earlier year	-	-	-	-	(17.75)	(16.19)
7. Profit / (Loss) for the period (5 - 6)	3605.81	4050.49	4050.08	2300.46	8880.45	9858.78
8. Other Comprehensive Income						
A (i) Items that will not be reclassified to profit or loss						
a) Remeasurements of the defined benefit plans	0.84	0.85	56.45	2.54	169.36	3.39
b) Equity instruments through other comprehensive income	(0.24)	15.01	18.05	41.19	(4.36)	(14.46)
(ii) Income tax relating to items that will not be reclassified to profit or loss	(0.15)	(3.65)	(23.94)	(10.06)	(58.17)	2.46
B (i) Items that will be reclassified to profit or loss	-	-	-	-	-	-
Other Comprehensive Income for the period (net of tax)	0.45	12.21	50.56	33.67	106.83	(8.61)
9. Total Comprehensive Income for the period (7 + 8)	3606.26	4062.70	4100.64	2334.13	8987.28	9850.17
10. Paid-up equity share capital (Face value - Re. 1/-)	4329.55	4329.55	4329.55	4329.55	4329.55	4329.55
11. Other equity excluding revaluation reserve						250525.16
12. Earnings per equity share of par value of Re. 1 each.						
(1) Basic (Rs.)	0.83	0.94	0.94	0.53	2.15	2.36
(2) Diluted (Rs.)	0.83	0.94	0.94	0.53	2.15	2.36



Notes:

1. The above financial results which have been prepared in accordance with Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with SEBI circular dated July 5, 2016, have been reviewed by the Audit Committee and approved by the Board of Directors at their meetings held on February 12, 2021. The above results have been subjected to Limited Review by the Statutory Auditors.
2. The Company operates mainly in one business segment viz. Pipes and all other activities revolve around the main business.
3. Due to delay in grant of forest, environment and other clearances from various authorities and execution of mining lease of an area of 192.50 ha. by the State Government of Jharkhand for iron and manganese ores at Dirsumburu in Kodilabad Reserve Forest, Saranda of West Singhbhum, Jharkhand, the validity period of letter of intent granted in this respect expired on January 11, 2017. The Company filed a writ petition before the Hon'ble High Court at Jharkhand on January 10, 2017, praying inter-alia for direction for grant of said lease in favour of the Company. The Hon'ble High Court in its order while observed, being not averse in granting relief with respect to cut off date, admitted the said petition and fixed the case for further hearing and adjudication. Pending decision of the Hon'ble High Court, Rs. 4015.06 lakhs so far incurred in connection with these Mines/related facilities, have been carried forward under respective heads of fixed assets, capital work in progress and advances.
4. In pursuance of the Order dated September 24, 2014 issued by the Hon'ble Supreme Court of India (the Order) followed by the Ordinance promulgated by the Government of India, Ministry of Law & Justice (legislative department) dated October 21, 2014 (Ordinance) for implementing the Order, allotment of Parbatpur coal block (coal block/mines) to the Company which was under advanced stage of implementation, had been cancelled w.e.f. April 01, 2015. In terms of the Ordinance, the Company was allowed to continue the operations in the said block till March 31, 2015. Accordingly, the said block had been handed over to Bharat Coking Coal Limited (BCCL) as per the direction from Coal India Ltd. (CIL) with effect from April 01, 2015 and the same has been subsequently allotted to Steel Authority of India Limited (SAIL).

Following a petition filed by the Company, the Hon'ble High Court at Delhi had pronounced its judgement on March 09, 2017. Accordingly based on the said judgement, the Company has claimed Rs.153176.00 lakhs towards compensation against the said coal block, acceptance whereof is awaited. Aggrieved due to delay in acceptance of claim and on a petition filed by the Company, the Hon'ble High Court had directed the Nominated Authority appointed under Ministry of Coal to determine the compensation. Earlier the Nominated Authority had upheld its decision of compensation already paid and the same was set aside by the Hon'ble High Court with a direction to the Nominated authority to reconsider. The Nominated authority further passed an order dated 11.11.2019 awarding an additional compensation of Rs. 180 lakhs and with a further direction to re-determine the value of certain assets by the appropriate authority. The newly appointed Nominated Authority has appointed a valuer to determine the value of those specified assets as per the direction of Nominated Authority dated 11.11.2019 and the process of valuation is under progress. The company has also approached the newly appointed Nominated Authority/ Ministry of Coal to reconsider the compensation determined by the previous Nominated Authority and also exploring other possibilities. Pending finalisation of the matter as above;

(i) Rs.128884.11 lakhs incurred pertaining to the coal block till March 31, 2015 after setting off income, stocks etc. there against as per the accounting policy then followed by the Company has been continued to be shown as freehold land, capital work in progress, other fixed assets and other respective heads of account;

(ii) Interest and other finance cost for the year ended March 31, 2016 against the fund borrowed and other expenses directly attributable in this respect amounting to Rs. 9514.74 lakhs has been considered as other recoverable under current assets; and

(iii) Compensation of Rs. 8312.34 lakhs so far received and net realisations/claims against sale of assets, advances, input credits etc. amounting to Rs. 2054.70 lakhs have been adjusted.

Disclosure as per Indian Accounting Standard and adjustments arising with respect to above will be given effect to on final acceptance/settlement of the claim.

5. In terms of the Hon'ble Supreme Court Order as referred above, North Dhadhu Coal Block, allotted in joint venture with other companies, has also been cancelled w.e.f. September 24, 2014. The Company barring initial contribution of Rs. 822.81 lakhs and Company's share of bank guarantee amounting to Rs. 2745.00 lakhs (encashment of which has been stayed by Hon'ble High Court at Jharkhand) has not made any further investments in the said joint venture company. In view of the management, the compensation to be received in terms of the "The Coal Mines (Special Provision) Ordinance 2014" is expected to cover the cost incurred by the Joint Venture Company. However as an abundant precaution, impairment in the value of the investment amounting to Rs. 822.81 lakhs in Joint venture was made in the previous year. In view of stay order by Hon'ble High Court, no provision in the share of the said bank guarantee has been considered necessary.
6. Due to delisting of Electrosteel Steels Limited (ESL) and in absence of other available ways of valuation, the Company has continued to consider the exit price, which was open till December 20, 2019, as the basis of valuation of Investment in ESL. Further the notices issued by the consortium of lenders of ESL for invocation of pledge of company's investment of 17334999 equity shares of Rs. 10 each in ESL amounting to Rs. 1653.76 lakhs was set aside by the Hon'ble High Court at Calcutta. The plea of the company for release of the pledge is pending before the Hon'ble Court. Furthermore during the previous year the party, in whose favour rights of mortgage of certain Land & Building amounting to Rs. 29545.24 lakhs of the Company situated at Elavur, Tamilnadu, were assigned by a lender of the ESL, has taken the symbolic possession of said mortgaged property and the same was contested by the Company before Hon'ble Madras High Court. On disposal of Company's application by the Hon'ble High Court, the Company has preferred an appeal before Commercial Appellate, Hon'ble High Court at Madras and the matter is subjudice. Pending finalization of the matter, these assets have been carried forward at their carrying book value.



7. As reported earlier, the Railway Authorities had withdrawn the permission of operation of Railway siding under construction which is situated at Haldia, West Bengal. The company has claimed the compensation from the Railway Authorities for the amount incurred for the said siding which was denied and the matter is under arbitration based on the direction of Hon'ble High Court at Calcutta. Pending arbitration proceedings, the company has recognised a charge of Rs. 2318.35 lakhs during the previous year and a balance amounting to Rs. 1778.11 lakhs has been considered recoverable by the management of the company and shown as "Other Financial Assets" under the "Current Assets".
8. As a consequence of cyclone "Amphan", the Haldia unit of the company had suffered damages in certain items of its inventories and Fixed Assets during the quarter ended June 30, 2020. The company has lodged necessary claim with the Insurance Company for the losses incurred. The estimated loss in the inventory, after considering its realisable/realised value, and the estimated/actual cost of repairs for the reinstatement of the fixed assets has been expensed out. The claim lodged with the insurer amounting to Rs. 567.87 lakhs shall be accounted for on acceptance of the same on prudence.
9. The Company's operations and financial results for the six month ended September 30, 2020 have been adversely impacted by the outbreak of COVID-19 pandemic and the consequent lockdown announced by the Government of India due to which the operations were suspended for part of the quarter ended June 30, 2020 and gradually resumed with requisite precautions. The company has achieved its normal volume of activities in the quarter ended December 31, 2020. In view of the impact of pandemic, the results for the nine months ended December 31, 2020 are, therefore, not comparable with those of comparative nine months ended December 31, 2019.
10. The Board of Directors of the Company at its meeting held on October 5, 2020, has approved a scheme of amalgamation between the Company and Srikalahasthi Pipes Limited (SPL) wherein w.e.f the appointed date i.e. October 1, 2020, SPL will merge with the Company on a going concern basis subject to obtaining of necessary approvals. Pending such approvals, no adjustment has been carried out in the books of the accounts.
11. Previous periods' figures have been regrouped/rearranged wherever necessary.

For ELECTROSTEEL CASTINGS LIMITED



Kolkata
February 12, 2021

Umang Kejriwal
Managing Director
(DIN: 000065173)



Independent Auditor's Review Report on the Quarterly and Year to Date Unaudited Consolidated Financial Results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended)

To,
The Board of Directors,
Electrosteel Castings Limited

1. We have reviewed the accompanying statement of Unaudited Consolidated Financial Results of **Electrosteel Castings Limited** the ("Holding Company") and its subsidiaries (the Holding and its subsidiaries together referred to as the 'Group'), and its share of the net profit after tax and total comprehensive income of its associate and joint ventures for the quarter ended December 31, 2020 and year to date from April 1, 2020 to December 31, 2020 ("the Statement") attached herewith, being submitted by the Holding Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended ('the Listing Regulations') read with SEBI Circular No.CIR/CFD/CMD1 /44/2019 dated March 29, 2019 ('the Circular').
2. This Statement, which is the responsibility of the Holding Company's Management and approved by the Holding Company's Board of Directors in their meeting held on February 12, 2021, has been prepared in accordance with the recognition and measurement principles laid down in the Indian Accounting Standard 34, ("Ind AS 34") "Interim Financial Reporting" prescribed under section 133, of the Companies Act, 2013 as amended, read with relevant rules issued thereunder and other accounting principles generally accepted in India read with the Circular. Our responsibility is to express a conclusion on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagement (SRE) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Institute of Chartered Accountants of India. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We also performed procedures in accordance with the circular issued by the SEBI under Regulation 33 (8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, to the extent applicable.



4. The Statement includes the results of the following entities:

Name of the Subsidiaries	
Electrosteel Trading S.A. Spain	Electrosteel Algeria SPA
Electrosteel Castings Gulf FZE	Electrosteel Castings (UK) Limited
Electrosteel Doha for Trading LLC	Electrosteel USA, LLC
Electrosteel Brasil Ltd. Tubos e Conexoes Duteis	WaterFab LLC (acquired 100% share capital through wholly owned subsidiary Electrosteel USA, LLC)
Electrosteel Bahrain Holding Company S.P.C	Electrosteel Bahrain Trading W.L.L (Subsidiary of Electrosteel Bahrain Holding Company S.P.C)
Electrosteel Europe S.A.	
Srikalahasthi Pipes Limited (ceased to be an associate on September 17, 2020 and became a subsidiary from September 18, 2020 (refer note 10 below)	
Name of the Joint Venture Companies	
North Dhadhu Mining Company Private Limited (refer note 11 below)	Domco Private Limited (refer note 12 below)

5. Attention is drawn to the following notes of the accompanying results:

- a) Note No. 4 in respect to cancellation of coal block allotted to the holding company in earlier years and non-recognition of the claims receipt thereof & non-carrying of any adjustment in the books of accounts for the reasons stated in the note. Pending finalisation of the matter and as the matter is sub judice, disclosures as per Indian Accounting standard will be given effect on final settlement of the matter and the balances appearing in the books of accounts in respect to such coal block have been carried forward at their carrying cost and disclosed as capital work in progress, property plant & equipment, inventories and other heads of account. The impact and consequential adjustment thereof are not presently ascertainable.
- b) Note No. 6 in respect to holding company's investment amounting to Rs. 1653.76 lakhs in Electrosteel Steels Limited (ESL), the pledge of which was invoked by the lenders of ESL and the same has been set aside by the Hon'ble High Court at Calcutta. The plea of the holding company to release the pledge is pending before the Hon'ble High Court at Calcutta. Further certain fixed assets of Elavur plant of the holding company which are mortgaged in favour of a Lender of ESL, who has assigned their rights to another entity and the symbolic possession has been taken in the previous year, has been disputed by the holding company as enumerated in the note. Above exposures have been carried forward at their existing carrying value & no impairment has been provided in respect to above and the impact of which is not presently ascertainable.
- c) Note No. 7 in respect to carry forward of claim recoverable amounting to Rs. 1778.11 Lakhs towards the compensation claimed from the Railway Authorities as mentioned in the note. The recovery of the same is dependent on the outcome of the arbitration process and is not presently ascertainable.

Impacts with respect to (a), (b) & (c) above are presently not ascertainable and as such cannot be commented upon by us.



6. Based on our review conducted and procedures performed as stated in paragraph 3 above and based on the consideration of the review reports of the other auditors and management certified accounts referred to in paragraph 7, 8, 9 and 10 below, we report that, *excepting the possible effect of the matters stated in paragraph 5 above*, nothing has come to our attention that causes us to believe that the accompanying statement, prepared in accordance with the recognition and measurement principles laid down in the applicable Indian Accounting Standards as prescribed under section 133 of the Companies Act, 2013, read with relevant rules issued thereunder and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of Regulation read with circular, including the manner in which it is to be disclosed, or that it contains any material mis-statement.
7. We did not review the interim financial results & other financial information in respect of two subsidiaries, located outside India, included in this consolidated unaudited financial results, whose interim financial results reflects Group's share of total assets of Rs. 51,281.51 lakhs as at December 31, 2020, Group's share of total revenue of Rs. 20,071.47 lakhs & Rs. 50,460.89 lakhs, Group's share of total net profit after tax of Rs. 591.00 lakhs & Rs. 1,075.76 lakhs, Group's share of other comprehensive income of Rs. 186.28 lakhs & Rs. 368.70 lakhs for the quarter & nine months ended December 31, 2020 respectively, as considered in the consolidated unaudited financial results. These financial results have been reviewed by the other auditors and whose reports have been furnished to us by the management. Our conclusion in so far as it relates to the amounts and disclosures included in respect of these subsidiaries is based solely on the reports of the other auditors and the procedures performed by us as stated in paragraph 3 above. Our conclusion on the statement is not modified in respect of the above matter.
8. These subsidiaries whose interim financial results have been prepared in accordance with accounting principles generally accepted in their respective countries and which have been reviewed by other auditors under generally accepted auditing standards applicable in their respective countries. The Holding Company's Management has converted the financial results of such subsidiaries located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. We have reviewed these conversion adjustments made by the Holding's Company's Management. Our conclusion in so far as it relates to the balances and affairs of such subsidiaries located outside India is based on the report of other auditors and the conversion adjustments prepared by the management of the Holding Company and reviewed by us.
9. The statement also includes the interim financial results of nine subsidiaries (including two step down subsidiaries), located outside India, whose interim financial results reflects Group's share of total assets of Rs. 25,674.46 lakhs as at December 31, 2020, Group's share of total revenues of Rs. 6,813.96 lakhs & Rs. 20,331.43 lakhs, Group's share of total net profit after tax of Rs. 144.41 lakhs & Rs. 302.21 lakhs, Group's share of other comprehensive income of Rs. 75.03 lakhs & Rs. 37.89 lakhs for the quarter & nine months ended December 31, 2020 respectively, which have not been reviewed by their auditors and have been certified by the management of the holding company. The interim financial results of these subsidiaries have been prepared in accordance with accounting principles generally accepted in their respective countries and have been converted by the management as per the accounting principles generally accepted in India and reviewed by us. According to the information and explanations given to us by the Management, these financial results are not material to the group. Our conclusion on the Statement is not modified in respect of the above matter.



Singhi & Co.

Chartered Accountants

.....contd.

10. We did not review the interim financial results & other financial information in respect of Srikalahasthi Pipes Limited (SPL) { ceased to be an associate and became subsidiary as on 18th September 2020), included in this consolidated unaudited financial results, whose interim financial results reflects Group's share of total assets of Rs. 2,37,951.80 lakhs as at December 31, 2020, Group's share of total revenue of Rs. 51,773.19 lakhs, Group's share of total net profit after tax of Rs. 5,151.93 lakhs, Group's share of other comprehensive income of Rs. 3,852.09 lakhs for the period from September 18, 2020 to December 31, 2020 and interim financial results & financial information in respect to group's share of net profit after tax of Rs. 541.65 Lakhs and other comprehensive loss of Rs. (2.88) lakhs for the period from April 01, 2020 to September 17, 2020, as considered in the consolidated unaudited financial results. These financial results have been reviewed by the other auditors and whose reports have been furnished to us by the management. Our conclusion in so far as it relates to the amounts and disclosures included in respect of SPL is based solely on the reports of the other auditors, the Fit for Consolidation adjustment made by the Holding Company and the procedures performed by us as stated in paragraph 3 above. Our conclusion on the statement is not modified in respect of the above matter.
11. As stated in Note No. 5 of the unaudited consolidated financial results, the investment in North Dhadhu Mining Company Private Limited, a Joint Venture of the Holding Company, has been fully provided in the books. In view of this the results of North Dhadhu Mining Company Private Limited have not been incorporated in the results.
12. As stated in Note No. 8 of the unaudited consolidated financial results, the financial statements of Domco Private Limited, a joint venture, have not been consolidated in the results, due to non availability of the Statements as required in terms of IND AS-28 on "Investments in Associates and Joint Ventures".
13. We draw attention to the Note No. 11(a) of the unaudited financial results regarding Scheme of amalgamation between the holding company and Srikalahasthi Pipes Ltd. (SPL) wherein the SPL will be merged with the company with effect from the appointed date i.e. October 1, 2020 subject to the obtaining requisite approvals, as more fully described therein. Pending such approvals, no adjustment has been carried out in this quarter and nine months ended financial results in respect of such scheme. Our conclusion on the statement is not modified in respect of this matter.



For Singhi & Co.
Chartered Accountants
Firm's Registration No. 302049E

(Signature)

(GOPAL JAIN)
Partner

Membership No. 059147
UDIN: 20059147AAAA D1633

Place: Kolkata

Date: February 12, 2021



ELECTROSTEEL CASTINGS LIMITED

CIN: L27310OR1955PLC000310

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Tel. No.:+91 06624 220 332; Fax:+91 06624 220 332

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Website: www.electrosteel.com

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STATEMENT OF CONSOLIDATED UNAUDITED RESULTS FOR THE QUARTER AND NINE MONTHS ENDED 31/12/2020

(Rs. in lakhs)

Particulars	3 months ended	Preceding 3 months ended	Corresponding 3 months ended in the previous year	Year to date figures for current period ended	Year to date figures for previous period ended	Year to date figures for previous year ended
	31/12/2020	30/09/2020	31/12/2019	31/12/2020	31/12/2019	31/03/2020
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
1. Revenue From Operations	116253.33	75030.29	69250.86	224254.74	199840.64	271104.29
2. Other Income	2982.92	1231.66	728.90	4672.20	2840.24	3320.77
3. Total income (1 + 2)	119236.25	76261.95	69979.76	228926.94	202680.88	274425.06
4. EXPENSES						
(a) Cost of materials consumed	49668.38	31437.11	28272.45	91024.26	85313.36	111841.99
(b) Purchases of Stock-in-Trade	4180.89	3556.55	4553.71	8972.34	11095.13	15661.63
(c) Changes in inventories of finished goods, Stock-in-Trade and work-in-progress	(2267.04)	(118.40)	(2409.26)	3806.16	(9668.09)	(9795.08)
(d) Employee benefits expense	10839.33	6090.56	5838.16	21412.81	17019.79	22660.63
(e) Finance costs	5649.14	4275.16	5266.70	14559.76	17173.70	22758.44
(f) Depreciation and amortization expense	3108.62	1663.24	1418.05	6161.32	4188.76	5714.65
(g) Other expenses	36405.22	25901.36	22770.93	73140.31	67375.72	94133.40
Total expenses	107584.54	72805.58	65710.74	219076.96	192498.37	262975.66
5. Profit / (Loss) before exceptional items and tax (3 - 4)	11651.71	3456.37	4269.02	9849.98	10182.51	11449.40
6. Exceptional Item	-	(24423.40)	-	(24423.40)	-	-
7. Profit / (Loss) before tax (5 + 6)	11651.71	(20967.03)	4269.02	(14573.42)	10182.51	11449.40
8. Tax expense:						
Current tax	2689.97	277.27	1047.50	3052.73	1115.73	1716.28
Deferred tax	481.91	175.79	120.35	(1242.61)	2152.51	1159.62
Related to earlier year	-	-	-	-	(17.75)	(56.02)
9. Profit/(Loss) after tax (7-8)	8479.83	(21420.09)	3101.17	(16383.54)	6932.02	8629.52
10. Add:-Share of Profit/(Loss) in Associates and Joint Venture (Net)	-	867.33	2796.55	541.65	5422.16	7518.85
11. Profit/(Loss) for the period (9+10)	8479.83	(20552.76)	5897.72	(15841.89)	12354.18	16148.37
12. Profit/(Loss) for the period attributable to:						
- Owners of the Company	5717.51	(20784.24)	5884.72	(18843.92)	12330.20	16106.51
- Non-Controlling Interest	2762.32	231.48	13.00	3002.03	23.98	41.86
13. Other Comprehensive Income						
A (i) Items that will not be reclassified to profit and loss						
a) Remeasurements of the defined benefit plans	(3.82)	0.85	56.45	(2.12)	169.36	3.39
b) Equity instruments through other comprehensive income	(0.24)	15.01	18.05	41.19	(4.36)	(14.46)
c) Gain on consolidation transfer to capital reserve	-	12001.88	-	12001.88	-	-
(ii) Income tax relating to items that will not be reclassified to profit and loss	1.02	(3.65)	(23.94)	(8.89)	(58.17)	2.46
B (i) Items that will be reclassified to profit and loss						
- Foreign currency translation differences	261.31	5.67	485.14	406.59	538.72	1274.76
(ii) Income tax relating to item that will be reclassified to profit and loss	-	-	-	-	-	-
C Share of Other Comprehensive Income in Associates and Joint Ventures (Net of tax)	-	(1.44)	(2.35)	(2.88)	(5.57)	(5.76)
Other Comprehensive Income (net of tax)	258.27	12018.32	533.35	12435.77	639.98	1260.39
14. Other Comprehensive Income attributable to:						
- Owners of the Company	260.31	12018.32	533.35	12437.81	639.98	1260.39
- Non-Controlling Interest	(2.04)	-	-	(2.04)	-	-
15. Total Comprehensive Income for the period (11+13)	8738.10	(8534.44)	6431.07	(3406.12)	12994.16	17408.76
16. Total Comprehensive Income attributable to:						
- Owners of the Company	5977.82	(8765.92)	6418.07	(6406.11)	12970.18	17366.90
- Non-Controlling Interest	2760.28	231.48	13.00	2999.99	23.98	41.86
17. Paid-up equity share capital (Face value - Re. 1/-)	4329.55	4329.55	4329.55	4329.55	4329.55	4329.55
18. Other equity excluding revaluation reserve						283685.44
19. Earnings per equity share of per value of Re. 1 each.						
(1) Basic (Rs.)	1.32	(4.80)	1.37	(4.35)	2.98	3.85
(2) Diluted (Rs.)	1.32	(4.80)	1.37	(4.35)	2.98	3.85



Notes:

1. The above consolidated financial results which have been prepared in accordance with Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended), have been reviewed by the the Audit Committee and approved by the Board of Directors at their meetings held on February 12, 2021. The consolidated results for the quarter and nine month ended December 31, 2020 have been subjected to Limited Review by the Statutory Auditors of the group.
2. The group operates mainly in one business segment viz. Pipes and all other activities revolve around the main business.
3. Due to delay in grant of forest, environment and other clearances from various authorities and execution of mining lease of an area of 192.50 ha. by the State Government of Jharkhand for iron and manganese ores at Dirsumburu in Kodilabad Reserve Forest, Saranda of West Singhbhum, Jharkhand, the validity period of letter of intent granted in this respect expired on January 11, 2017. The parent company filed a writ petition before the Hon'ble High Court at Jharkhand on January 10, 2017, praying inter alia for direction for grant of said lease in favour of the parent company. The Hon'ble High Court in its order while observed, being not averse in granting relief with respect to cut off date, admitted the said petition and fixed the case for further hearing and adjudication. Pending decision of the Hon'ble High Court, Rs. 4015.06 lakhs so far incurred in connection with these Mines/related facilities, have been carried forward under respective heads of fixed assets, capital work in progress and advances.
4. In pursuance of the Order dated September 24, 2014 issued by the Hon'ble Supreme Court of India (the Order) followed by the Ordinance promulgated by the Government of India, Ministry of Law & Justice (legislative department) dated October 21, 2014 (Ordinance) for implementing the Order, allotment of Parbatpur coal block (coal block/mines) to the parent Company which was under advanced stage of implementation, had been cancelled w.e.f. April 01, 2015. In terms of the Ordinance, the parent Company was allowed to continue the operations in the said block till March 31, 2015. Accordingly, the said block had been handed over to Bharat Coking Coal Limited (BCCL) as per the direction from Coal India Ltd. (CIL) with effect from April 01, 2015 and the same has been subsequently allotted to Steel Authority of India Limited (SAIL).

Following a petition filed by the parent Company, the Hon'ble High Court at Delhi had pronounced its judgement on March 09, 2017. Accordingly based on the said judgement, the parent Company has claimed Rs.153176.00 lakhs towards compensation against the said coal block, acceptance whereof is awaited. Aggrieved due to delay in acceptance of claim and on a petition filed by the parent Company, the Hon'ble High Court had directed the Nominated Authority appointed under Ministry of Coal to determine the compensation. Earlier the Nominated Authority had upheld its decision of compensation already paid and the same was set aside by the Hon'ble High Court with a direction to the Nominated authority to reconsider. The Nominated authority further passed an order dated 11.11.2019 awarding an additional compensation of Rs. 180 lakhs and with a further direction to re determine the value of certain assets by the appropriate authority. The newly appointed Nominated Authority has appointed a valuer to determine the value of those specified assets as per the direction of Nominated Authority dated 11.11.2019 and the process of valuation is under progress. The parent Company has also approached the newly appointed Nominated Authority/ Ministry of Coal to reconsider the compensation determined by the previous Nominated Authority and also exploring other possibilities.

Pending finalisation of the matter as above;

(i) Rs.128884.11 lakhs incurred pertaining to the coal block till March 31, 2015 after setting off income, stocks etc. there against as per the accounting policy then followed by the parent company has been continued to be shown as freehold land, capital work in progress, other fixed assets and other respective heads of account;

(ii) Interest and other finance cost for the year ended March 31, 2016 against the fund borrowed and other expenses directly attributable in this respect amounting to Rs. 9514.74 lakhs has been considered as other recoverable under current assets; and

(iii) Compensation of Rs. 8312.34 lakhs so far received and net realisations/claims against sale of assets, advances, input credits etc. amounting to Rs. 2054.70 lakhs have been adjusted.

Disclosure as per Indian Accounting Standard and adjustments arising with respect to above will be given effect to on final acceptance/settlement of the claim.

5. In terms of the Hon'ble Supreme Court Order as referred above, North Dhadhu Coal Block, allotted in joint venture with other companies, has also been cancelled w.e.f. September 24, 2014. The parent Company barring initial contribution of Rs. 822.81 lakhs and its share of bank guarantee amounting to Rs. 2745.00 lakhs (encashment of which has been stayed by Hon'ble High Court at Jharkhand) has not made any further investments in the said joint venture company. In view of the management, the compensation to be received in terms of the "The Coal Mines (Special Provision) Ordinance 2014" is expected to cover the cost incurred by the Joint Venture Company. However as an abundant precaution, impairment in the value of the investment amounting to Rs. 822.81 lakhs in Joint venture was made in the previous year. In view of stay order by Hon'ble High Court, no provision in the share of the said bank guarantee has been considered necessary. In view of the provision made during the earlier years, the performance of the joint venture company has not been consolidated during the quarter and half year ended September 20.
6. Due to delisting of Electrosteel Steels Limited (ESL) and in absence of other available ways of valuation, the parent Company has continued to consider the exit price, which was open till December 20, 2019, as the basis of valuation of Investment in ESL. Further the notices issued by the consortium of lenders of ESL for invocation of pledge of group's investment of 17334999 equity shares of Rs. 10 each in ESL amounting to Rs. 1653.76 lakhs was set aside by the Hon'ble High Court at Calcutta. The plea of the parent company for release of the pledge is pending before the Hon'ble Court. Furthermore during the previous year the party, in whose favour rights of mortgage of certain Land & Building amounting to Rs. 29545.24 lakhs of the parent Company situated at Elavur, Tamilnadu, were assigned by a lender of the ESL, has taken the symbolic possession of said mortgaged property and the same was contested by the parent Company before Hon'ble Madras High Court. On disposal of parent Company's application by the Hon'ble High Court, the parent Company has preferred an appeal before Commercial Appellate, Hon'ble High Court at Madras and the matter is subjudice. Pending finalization of the matter, these assets have been carried forward at their carrying book value.



7. As reported earlier, the Railway Authorities had withdrawn the permission of operation of Railway siding under construction which is situated at Haldia, West Bengal. The parent company has claimed the compensation from the Railway Authorities for the amount incurred for the said siding which was denied and the matter is under arbitration based on the direction of Hon'ble High Court at Calcutta. Pending arbitration proceedings, the parent company has recognised a charge of Rs. 2318.35 lakhs during the previous year and a balance amounting to Rs. 1778.11 lakhs has been considered recoverable by the management of the parent company and shown as "Other Financial Assets" under the "Current Assets".
8. The parent company has investment of Rs. 730.00 lakhs (including advance of Rs. 700.00 lakhs) in Domco Private Limited (DPL), and has joint control (proportion of ownership interest of the parent Company being 50%). The other Venturers had filed a petition before the Company Law Board, Principal Bench, New Delhi (CLB) on various matters including for forfeiture of the parent Company's investment in equity shares of the DPL. The parent Company had also inter alia filed an arbitration proceeding under Arbitration & Conciliation Act, 1996 against recovery of the said amount against which the ventures also filed their counter claims on the parent Company. The matter is sub judice before the NCLT. Pending final outcome of the above matter, the amounts in equity shares and advance have been fully provided for in the financial statements. The other venturers since not providing the financial statements of DPL, and thereby necessary disclosures could not be provided in these financial results.
9. As a consequence of cyclone "Amphan", the Haldia unit of the group had suffered damages in certain items of its inventories and Fixed Assets during the quarter ended June 30, 2020. The parent company has lodged necessary claim with the Insurance Company for the losses incurred. The estimated loss in the inventory, after considering its realisable/realised value, and the estimated/actual cost of repairs for the reinstatement of the fixed assets has been expensed out. The claim lodged with the insurer amounting to Rs. 567.87 lakhs shall be accounted for on acceptance of the same on prudence.
10. The group's operations and financial results for the six month ended September 30, 2020 have been adversely impacted by the outbreak of COVID-19 pandemic and the consequent lockdown announced by the various governments where the subsidiaries are based including India due to which the operations were suspended for part of the quarter ended June 30, 2020 and gradually resumed with requisite precautions. The group has achieved its normal volume of its activities in the quarter ended December 31, 2020. In view of the impact of pandemic, the results for the nine month ended December 31, 2020 are, therefore, not comparable with those of comparative nine month ended December 31, 2019.
- 11.(a) The Board of Directors of the parent Company at its meeting held on October 5, 2020, has approved a scheme of amalgamation between the parent Company and Srikalahasthi Pipes Limited (SPL) wherein w.e.f the appointed date i.e. October 1, 2020, SPL will merge with the parent Company on a going concern basis subject to obtaining of necessary approvals. Pending such approvals, no adjustment has been carried out in the books of the accounts.
- 11.(b) As reported in the previous quarter, with effect from September 18, 2020 the results of SPL has been consolidated by combining the like items of assets, liabilities, equity, income, expenses and cash flows of SPL in line with the guidelines prescribed under Ind AS 110 "Consolidated Financial Statements" which was hitherto considered as an associate in the consolidated financial statement. In view of the above the consolidated results for the quarter and nine months ended December 31, 2020 are not comparable with the previous quarter/ nine months.
12. Previous periods' figures have been regrouped/rearranged wherever necessary.

Kolkata
February 12, 2021



For ELECTROSTEEL CASTINGS LIMITED

Umang Kejriwal
Managing Director
(DIN: 000065173)





SRIKALAHASTHI PIPES LIMITED

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Website : www.srikalahasthipipes.com, CIN : L74999AP1991PLC013391



REPORT ADOPTED BY THE BOARD OF DIRECTORS OF SRIKALAHASTHI PIPES LIMITED AT ITS MEETING HELD ON THE 5 DAY OF OCTOBER , 2020 AT 11.15 A.M. EXPLAINING THE EFFECT OF SCHEME ON SHAREHOLDERS, KEY MANAGERIAL PERSONNEL, PROMOTERS AND NON-PROMOTER SHAREHOLDERS UNDER SECTION 232(2)(c) OF THE COMPANIES ACT, 2013

1. Background

1.1 The Board of Directors (“**the Board**”) of Srikalahasthi Pipes Limited (hereinafter referred to as “**the Transferor Company**”/ “**Company**” or “**SPL**”) at its meeting held on 5th October, 2020 approved the draft of the proposed Scheme of Amalgamation of the Company with Electrosteel Castings Limited (hereinafter referred to as “**the Transferee Company**”/ “**ECL**”) and their respective shareholders and creditors on a going concern basis (“**the Scheme**”) which involves, *inter alia*, the following:-

- (a) The amalgamation of the Company with the Transferee Company and dissolution of the Company without winding up and consequent issuance of equity shares of the Transferee Company to the shareholders of the Company in accordance with the Scheme;
- (b) Various other matters incidental, consequential or otherwise integrally connected therewith,

pursuant to Sections 230 to 232 and other relevant provisions of the Companies Act, 2013 (“**the Act**”) in the manner provided for in the Scheme. The Appointed date for Amalgamation under the Scheme is 1st October, 2020.

1.2 The provisions of Section 232(2)(c) of the Act requires the Board to adopt a report explaining the effect of the Scheme on each class of shareholders, key managerial personnel, promoters and non-promoter shareholders of the Company laying out in particular the share exchange ratio specifying any valuation difficulties (“**Report**”), and the same is required to be circulated as part of the notice of meeting(s) to be held for the purpose of approving the Scheme. This Report of the Board is accordingly being made in pursuance to the requirements of section 232(2)(c) of the Act.

2. The Scheme is subject to the following approvals:

- 2.1 Approval from the Competition Commission of India;
- 2.2 No objection on the draft Scheme from the BSE Limited and the National Stock Exchange of India Limited;
- 2.3 Approval of shareholders and creditors of both the Transferor Company and Transferee Company (as may be directed by the National Company Law Tribunal [“**NCLT**”]);





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2.4 Orders of Amravati Bench and/or Cuttack Bench of the NCLT (as the case may be) approving the Scheme.

2.5 Such other regulatory/ statutory approvals as may be necessary and/or incidental.

3. Documents placed before the Board:

The following documents were, *inter alia*, placed before the Board:

3.1 Draft Scheme of Amalgamation duly initialed by the Chairman of the Company, for the purpose of identification.

3.2 Valuation Report dated 3rd October, 2020 (i) jointly issued by M/s Sharp & Tannan, an Independent Chartered Accountants and R V Shah & Associates, an Independent Chartered Accountants and (ii) issued by Ms. Rashmi Shah, FCA, Registered Valuer (“**Valuer**”), for the purpose of arriving at the share exchange ratio (“**Share Exchange Ratio**”), describing, *inter alia*, the methodology adopted by the Valuer in arriving at the same for the proposed Amalgamation (“**Valuation Report**”).

3.3 Fairness Opinion dated 3rd October, 2020 issued by Ashika Capital Limited, an Independent SEBI registered Merchant Banker on the Share Exchange Ratio as mentioned in Valuation Report (“**Fairness Opinion**”).

3.4 Report of Audit Committee recommending the Scheme of Amalgamation after taking into consideration, *inter alia*, the Valuation Report and Fairness Opinion.

3.5 Net worth certificate dated 5th October, 2020 issued by Abhishek R Agarwal & Co., Chartered Accountants, certifying the pre & post Scheme net worth of the Company. (“**Net Worth Certificate**”)

4. Rationale of the Scheme:

4.1 The Transferor Company and Transferee Company are under the control of common promoter group. The Transferee Company along with its promoter group of companies are in a position to and do exercise control over the Transferor Company. The Transferor Company and Transferee Company are engaged in the same line of business, i.e., manufacture and sale of ductile iron pipes and both have common economic objective and strategic goals. It would be advantageous to combine the activities and operations in a single company leading to strong capability in effectively meeting future challenges of competitive business environment.

4.2 The Amalgamation will enable both the companies to streamline their business activities into a single combined entity, thereby resulting in economies of scale and avoidance of undue duplication in work, reduction in common expenditure otherwise incurred by the two entities





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within common group, better and more productive utilization of financial, human and other resource and enhancement of overall business efficiency.

- 4.3 The Amalgamation will result in significant reduction in multiplicity of legal and regulatory compliances which at present is required to be made separately by the Companies.
- 4.4 The Amalgamation will result in simplification of the group structure and management structure with only one listed company in group leading to better administration and reduction in administrative and other costs from more focused operational efforts, rationalization, standardization and simplification of business processes.
- 4.5 The Amalgamation will enable the combined entity to leverage their consolidated resources to: (a) increase production capacities; (b) undertake research and development initiatives to improve manufacturing processes and final product; (c) serve the needs of a larger customer base leading to overall business domestically as well as overseas, (d) improved alignment of debt repayments with cash flow, and (d) improved credit rating.
- 4.6 The synergies that exist between the two companies in terms of services and resources can be put to the best advantage of all stakeholders.
- 4.7 The Scheme is envisaged to be in the best interests of the shareholders, employees and the creditors of the Transferor Company and the Transferee Company.
- 4.8 Thus, the Scheme of Amalgamation, as envisaged, would enable seamless access to strong business relationships, closer and better focused attention being given to the businesses which would get integrated, aligned and streamlined, leading to achievement of their full business and growth potential.

The term “Amalgamation” means amalgamation of the Transferor Company with the Transferee Company, on a going concern basis in accordance with Sections 230 to 232 of the Act and Section 2(1B) of the Income-Tax Act, 1961, in terms of Chapter 2 of the Scheme.





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5. Effect of the Scheme on the stakeholders:

Sl No	Category of Stakeholders	Effect of the Scheme on the Stakeholder
5.1	Equity Shareholders: Promoters and Non-Promoters of the Transferor Company	<p>(a) Under the Scheme, an arrangement is sought to be entered into between the Transferor Company and the Transferee Company and their respective shareholders and creditors.</p> <p>(b) Upon the coming into effect of this Scheme, the share certificates, if any, and/or the shares in electronic form representing the shares held by the Transferee Company in the Transferor Company shall be deemed to be cancelled without any further act or deed for cancellation thereof by the Transferee Company, and shall cease to be in existence accordingly.</p> <p>(c) Upon the sanctioning of the Scheme and in terms of Clauses 18 of the Scheme, the Transferee Company shall issue and allot its equity shares to the equity shareholders (both Promoter (except ECL) and Non-Promoter shareholders) of the Transferor Company.</p> <p>(d) Upon the Scheme coming into effect and in consideration of the Amalgamation, the shareholders of the Transferor Company (other than for shares already held by the Transferee Company in the Transferor Company), whose name appear in the register of member as on the Record Date (as defined in the Scheme) or to their respective heirs, executors, administrators or other legal representatives or the successors-in-title as the case may be, shall be eligible to receive 59 fully paid up equity shares of Re 1/- each of the Transferee Company for every 10 fully paid up equity shares of Rs 10/- each of the Transferor Company held by such shareholder.</p> <p>(e) The Share Exchange Ratio mentioned above has been arrived at based on the Valuation Report (i) jointly issued by M/s Sharp & Tannan, an Independent Chartered Accountants and R V Shah and Associates, an Independent Chartered Accountants (ii) issued by Ms Rashmi Shah, FCA, Registered Valuer. Finshore Management Services Limited and Ashika Capital Limited, Independent SEBI Registered Merchant Bankers have provided Fairness Opinion on the fairness</p>





SRIKALAHASTHI PIPES LIMITED

Regd. Office & Works: Rachagunneri-517641, Srikalahasthi Mandal, Chittoor District, A.P.,
Ph.:08578 286650 to 55; Fax: 286657/88 E-mail : companysecretary@srikalahasthipipes.com
Website : www.srikalahasthipipes.com, CIN : L74999AP1991PLC013391



Sl No	Category of Stakeholders	Effect of the Scheme on the Stakeholder
		<p>of the Share Exchange Ratio determined for the amalgamation of Transferor Company with Transferee Company. Based on the recommendations of the Audit Committees of Transferor Company and that of Transferee Company, the Valuation Report and Fairness Opinion as aforesaid have been duly approved by the Board of Directors of both, Transferor Company and Transferee Company.</p> <p>(f) The equity shares to be issued on Amalgamation shall rank <i>pari passu</i> with the existing equity shares of the Transferee Company.</p> <p>(g) The equity shares to be issued and allotted by the Transferee Company in terms of the Scheme shall be subject to the provisions of the Memorandum and Articles of Association of Transferee Company.</p> <p>(h) The equity shares to be issued to the shareholders of the Transferor Company will be listed with BSE Limited and National Stock Exchange of India Limited and admitted for trading.</p> <p>(i) The equity shares to be issued by the Transferee Company pursuant to this Scheme in respect of any equity shares of the Transferor Company which are held in abeyance under the Companies Act, 2013 or otherwise shall, pending allotment or settlement of dispute by order of a court or otherwise, also be kept in abeyance by the Transferee Company.</p> <p>(j) The promoters of the Transferor Company are also promoters of Transferee Company and shall continue to be promoters of the Transferee Company after the effectiveness of the Scheme.</p> <p>(k) Since the Promoter and Non-Promoter shareholders of the Transferor Company are being issued shares in the same proportion, the rights of non-promoter shareholders of the Transferor Company are not being affected under the Scheme of Amalgamation.</p>





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Sl No	Category of Stakeholders	Effect of the Scheme on the Stakeholder
5.2	Employees	<p>(a) Under Clause 11 of the Scheme on and from the Effective Date (as defined in the Scheme), the Transferee Company shall engage all employees, including key managerial personnel of the Transferor Company on the same terms and conditions on which they are engaged by the Transferor Company without any interruption of service and in the manner provided under the Scheme. In the circumstances, the rights of the employees of the Transferor Company would in no way be affected by the Scheme. The employees of the Transferor Company shall continue to remain employees in the Transferor Company on the same terms and conditions. The services of the employees of the Transferor Company will not be retrenched due to amalgamation</p> <p>(b) Please refer to Sl 5.1 above for details regarding the effect of the Scheme on the employees who are also shareholders of the Transferee Company.</p> <p>(c) The contributions made by Transferor Company in respect of its employees under applicable law, to the provident fund, gratuity fund, leave encashment fund and any other special scheme or benefits created, for the period after the Appointed Date (as defined in the Scheme) shall be deemed to be contributions made by Transferee Company.</p>
5.3	Key Managerial Personnel	<p>(a) Under Clause 11 of the Scheme on and from the Effective Date (as defined in the Scheme), the Transferee Company shall engage all the key managerial personnel, who are also employees of the Transferor Company, on the same terms and conditions on which they are engaged by the Transferor Company without any interruption of service and in the manner provided under the Scheme.</p> <p>(b) Under the Scheme on and from the Effective Date, the Transferor Company will stand dissolved without winding up. In the circumstances, the Key Managerial Personnel of the Transferor Company will cease to be the Key Managerial Personnel of the Transferor Company.</p>





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Sl No	Category of Stakeholders	Effect of the Scheme on the Stakeholder
		<p>(c) Please refer to Sl. No. 5.1 above for details regarding the effect of the Scheme on the Key Managerial Personnel who are also shareholders of the Transferor Company.</p> <p>(d) The contributions made by Transferor Company in respect of its employees under applicable law, to the provident fund, gratuity fund, leave encashment fund and any other special scheme or benefits created, for the period after the Appointed Date (as defined in the Scheme) shall be deemed to be contributions made by Transferee Company.</p> <p>(e) Thus, there will no adverse effect of the Scheme on the Key Managerial Personnel of the Company.</p>
5.4	Creditors	<p>(a) Under the Scheme no arrangement is sought to be entered into between the Transferor Company and its secured and unsecured creditors.</p> <p>(b) As per Clause 9 of the Scheme, all liabilities of the Transferor Company shall stand transferred to the Transferee Company</p> <p>(c) The interest of the creditors of the Transferor Company shall not be impacted in any manner.</p>
5.5	Board of Directors of the Transferor Company	<p>(a) Under the Scheme on and from the Effective Date, the Transferor Company will stand dissolved without winding up and accordingly the Board shall cease to exist.</p>

6. Valuation:

Share Exchange Ratio

- 6.1 For the purpose of arriving at the Share Exchange Ratio, the Valuation Report was obtained by the Company in terms of the SEBI Circular dated 10 March 2017, bearing reference number CFD/DIL3/CIR/2017/21, as amended, modified or replaced from time to time.
- 6.2 The Share Exchange Ratio has been arrived at on the basis of various methodologies explained in the Valuation Report and various qualitative factors relevant to the business





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and the business dynamics and growth potentials of the business, having regard to information base, key underlying assumptions and limitations.

- 6.3 The Fairness Opinion issued by Ashika Capital Limited, an Independent SEBI registered Merchant Banker, wherein they have confirmed that the Share Exchange Ratio as per the Valuation Report (i) jointly issued by M/s Sharp & Tannan, an Independent Chartered Accountants and R V Shah & Associates, an Independent Chartered Accountants and (ii) issued by Ms. Rashmi Shah, FCA, Registered Valuer is fair to the shareholders of the Company and has been approved by the Audit Committee of the Company, the Board of the Company, the Board of ECL and the Audit Committee of ECL.
- 6.4 The Valuers have not expressed any special difficulty while carrying out the valuation.

7. Adoption of the Report by the directors:

The directors of the Company have adopted this Report after noting and considering the information set forth in this Report. The Board or the Amalgamation Committee is entitled to make relevant modifications to this Report, if required and such modification or amendments shall be deemed to form part of this Report.

By order of the Board
For Srikalahasthi Pipes Limited

G KODAND PANI
COMPANY SECRETARY.



REPORT ADOPTED BY THE BOARD OF DIRECTORS OF ELECTROSTEEL CASTINGS LIMITED AT ITS MEETING HELD ON THE 5th DAY OF OCTOBER, 2020 AT 1200 HOURS EXPLAINING THE EFFECT OF SCHEME ON SHAREHOLDERS, KEY MANAGERIAL PERSONNEL, PROMOTERS AND NON-PROMOTER SHAREHOLDERS UNDER SECTION 232(2)(c) OF THE COMPANIES ACT, 2013

1. Background:

1.1 The Board of Directors (“**the Board**”) of Electrosteel Castings Limited (hereinafter referred to as “**the Transferee Company**”/“**the Company**” or “**ECL**”), at its meeting held on 5th October, 2020, approved the draft Scheme of Amalgamation of Srikalahasthi Pipes Limited (hereinafter referred to as “**Transferor Company**”/“**SPL**”) with the Transferee Company and their respective shareholders and creditors on a going concern basis (“**the Scheme**”) which involves, *inter alia*, the following:-

(a) The amalgamation of the Transferor Company with the Company and dissolution of the Transferor Company without winding up and consequent issuance of equity shares of the Company to the shareholders of the Transferor Company in accordance with the Scheme.

(b) Various other matters incidental, consequential or otherwise integrally connected therewith;

pursuant to Sections 230 to 232 and other relevant provisions of the Companies Act, 2013 (“**the Act**”) in the manner provided for in the Scheme. The Appointed date for Amalgamation under the Scheme is 1st October, 2020.

1.2 The provisions of Section 232(2)(c) of the Act requires the Board to adopt a report explaining the effect of the Scheme on each class of shareholders, key managerial personnel, promoters and non-promoter shareholders of the Company laying out in particular the share exchange ratio specifying any valuation difficulties (“**Report**”), and the same is required to be circulated as part of the notice of meeting(s) to be held for the purpose of approving the Scheme. This Report of the Board is accordingly being made in pursuance to the requirements of Section 232(2)(c) of the Act.

2. The Scheme is subject to the following approvals:

2.1 Approval from the Competition Commission of India;

2.2 No objection on the draft Scheme from the BSE Limited and the National Stock Exchange of India Limited;

2.3 Approval of shareholders and creditors of both the Transferor Company and Transferee Company [as may be directed by the National Company Law Tribunal (“**NCLT**”)];

2.4 Orders of Amravati Bench and/or Cuttack Bench of the NCLT (as the case may be) approving the Scheme.

2.5 Such other regulatory/statutory approvals, as may be necessary and/or incidental.

3. Documents placed before the Board:

The following documents were placed before the Board:

- 3.1 Draft Scheme of Amalgamation duly initialed by the Chairman of the Company, for the purpose of identification.
- 3.2 Valuation Report dated 3rd October, 2020 (i) jointly issued by M/s Sharp & Tannan, an independent Chartered Accountants and R V Shah & Associates, an independent Chartered Accountants and (ii) Ms. Rashmi Shah, FCA, Registered Valuer, ("**Valuer**") for the purpose of arriving at the fair share exchange ratio describing ("**Share Exchange Ratio**"), *inter alia*, the methodology adopted by the Valuer in arriving at the same for the proposed Amalgamation ("**Valuation Report**").
- 3.3 Fairness Opinion dated 3rd October, 2020 issued by Finshore Management Services Pvt Ltd, an Independent SEBI registered Merchant Banker, on the Share Exchange Ratio as mentioned in Valuation Report ("**Fairness Opinion**").
- 3.4 Certificate on Accounting Treatment dated 5th October, 2020 submitted by M/s Singhi & Co., Statutory Auditors. ("**Auditor's Certificate**")
- 3.5 Report of Audit Committee recommending the Scheme after taking into consideration, inter alia, the Valuation Report and Fairness Opinion.
- 3.6 Net worth certificate dated 5th October, 2020 issued by Abhishek R Agarwal & Co., Chartered Accountants, certifying the pre & post Scheme net worth of the Company. ("**Net Worth Certificate**")

4. Rationale of the Scheme:

- 4.1 The Transferor Company and Transferee Company are under the control of common promoter group. The Transferee Company along with its promoter group of companies are in a position to and do exercise control over the Transferor Company. The Transferor Company and Transferee Company are engaged in the same line of business, i.e., manufacture and sale of ductile iron pipes and both have common economic objective and strategic goals. It would be advantageous to combine the activities and operations in a single company leading to strong capability in effectively meeting future challenges of competitive business environment.
- 4.2 The Amalgamation will enable the companies to streamline their business activities into a single combined entity, thereby resulting in economies of scale and avoidance of undue duplication in work, reduction in common expenditure otherwise incurred by the two entities within common group, better and more productive utilization of financial, human and other resource and enhancement of overall business efficiency.
- 4.3 The Amalgamation will result in significant reduction in multiplicity of legal and regulatory compliances which at present is required to be made separately by the Companies.
- 4.4 The Amalgamation will result in simplification of the group structure and management structure with only one listed company in group leading to better administration and reduction in administrative and other costs from more focused operational efforts, rationalization, standardization and simplification of business processes.

- 4.5 The Amalgamation will enable the combined entity to leverage their consolidated resources to: (a) increase production capacities; (b) undertake research and development initiatives to improve manufacturing processes and final product; (c) serve the needs of a larger customer base leading to overall business domestically as well as overseas, (d) improved alignment of debt repayments with cash flow, and (d) improved credit rating.
- 4.6 The synergies that exist between the two companies in terms of services and resources can be put to the best advantage of all stakeholders.
- 4.7 The Scheme is envisaged to be in the best interests of the shareholders, employees and the creditors of the Transferor Company and the Transferee Company.

Thus, the Scheme of Amalgamation, as envisaged, would enable seamless access to strong business relationships, closer and better focused attention being given to the businesses which would get integrated, aligned and streamlined, leading to achievement of their full business and growth potential.

The term "Amalgamation" means amalgamation of the Transferor Company with the Transferee Company, on a going concern basis in accordance with Sections 230 to 232 of the Act and Section 2(1B) of the Income-Tax Act, 1961, in terms of Chapter 2 of the Scheme.

5. Effect of the Scheme on the key stakeholders:

Sl. No.	Category of Stakeholders	Effect of the Scheme on the Stakeholder
1.	Equity Shareholders: Promoters and Non-Promoters of the Transferee Company	<p>(a) Under the Scheme, an arrangement is sought to be entered into between the Transferor Company and the Transferee Company and their respective shareholders and creditors.</p> <p>(b) Upon the coming into effect of this Scheme, the share certificates, if any, and/or the shares in electronic form representing the shares held by the Transferee Company in the Transferor Company shall be deemed to be cancelled without any further act or deed for cancellation thereof by the Transferee Company, and shall cease to be in existence accordingly</p> <p>(c) Upon the sanctioning of the Scheme and in terms of Clause 18. of the Scheme, the Transferee Company shall issue and allot equity shares of the Transferee Company to the equity shareholders (both Promoter (except ECL) and Non-Promoter shareholders) of the Transferor Company.</p> <p>(d) Upon the Scheme coming into effect and in consideration of the Amalgamation, the shareholders of the Transferor Company (other than the shares already held by the Transferee Company in the Transferor Company), whose name appear in</p>

Sl. No.	Category of Stakeholders	Effect of the Scheme on the Stakeholder
		<p>the Register of Members as on the Record Date (as defined in the Scheme) or to their respective heirs, executors, administrators or other legal representatives or the successors-in-title as the case may be, shall be eligible to receive 59 fully paid up equity shares of Re. 1/- each of the Company for every 10 fully paid up equity shares of Rs. 10/- each of the Transferor Company held by such shareholder.</p> <p>(e) The Share Exchange Ratio mentioned above has been arrived at based on the valuation report (i) jointly issued by M/s Sharp & Tannan, an independent Chartered Accountants and M/s R.V. Shah and Associates, an independent Chartered Accountants and (ii) Ms. Rashmi Shah, FCA, Registered Valuer. Finshore Management Services Limited and Ashika Capital Limited, independent merchant bankers have provided fairness report on the fairness of the Share Exchange Ratio determined for the amalgamation of Transferor Company with Transferee Company. Based on the recommendations of the Audit Committees of Transferor Company and that of Transferee Company, the valuation report and fairness report as aforesaid have been duly approved by the Board of Directors of both, Transferor Company and Transferee Company.</p> <p>(f) The equity shares to be issued on Amalgamation shall rank <i>pari passu</i> with the existing equity shares of the Transferee Company.</p> <p>(g) The equity shares to be issued and allotted by the Transferee Company in terms of the Scheme shall be subject to the provisions of the Memorandum and Articles of Association of the Transferee Company.</p> <p>(h) The equity shares to be issued to the shareholders of the Transferor Company will be listed with BSE Limited and National Stock Exchange of India Limited and admitted for trading.</p> <p>(i) The equity shares to be issued by the Transferee Company pursuant to this Scheme in respect of any equity shares of the Transferor Company which are held in abeyance under the Companies Act, 2013 or otherwise shall, pending allotment or settlement of dispute by order of a court or otherwise, also be kept in abeyance by the Transferee Company.</p>

Sl. No.	Category of Stakeholders	Effect of the Scheme on the Stakeholder
		<p>(j) Post the issue of shares, there shall be no change in the shareholding pattern or control in the Transferee Company between the Record Date (as defined in the Scheme) and the listing which may affect the status of the approval by the Stock Exchanges.</p> <p>(k) The promoters of the Transferee Company shall continue to remain the promoters even after the effectiveness of the Scheme.</p> <p>(l) Since the Promoter and Non-Promoter shareholders of the Transferor Company are being issued shares in the same proportion, the rights of non-promoter shareholders of the Transferor Company shall not be affected under the Scheme of Amalgamation.</p>
2.	Employees	<p>(a) Under Clause 11 of the Scheme on and from the Effective Date (as defined in the Scheme), the Transferee Company shall engage all employees, including key managerial personnel of the Transferor Company on the same terms and conditions on which they are engaged by the Transferor Company without any interruption of service and in the manner provided under the Scheme. The employees of the Transferee Company shall continue to remain employees in the Transferee Company on the same terms and conditions. The services of the employees of the Transferee Company will not be retrenched due to amalgamation.</p> <p>(b) Please refer to Sl. No. 5.1 above for details regarding the effect of the Scheme on the employees who are also shareholders of the Transferee Company.</p> <p>(c) The contributions made by Transferor Company in respect of its employees under applicable law, to the provident fund, gratuity fund, leave encashment fund and any other special scheme or benefits created, for the period after the Appointed Date (as defined in the Scheme) shall be deemed to be contributions made by Transferee Company.</p> <p>(d) Under the Scheme, no rights of the employees of the Transferee Company are being affected.</p>
3.	Key Managerial Personnel	<p>(a) The Key Managerial Personnel of the Transferee Company shall continue as the Key Managerial Personnel of the Transferee</p>

Sl. No.	Category of Stakeholders	Effect of the Scheme on the Stakeholder
		<p>Company after effectiveness of the Scheme on the same terms and conditions.</p> <p>(b) Please refer to Sl. No. 5.1 above for details regarding the effect of the Scheme on the Key Managerial Personnel who are also shareholders of the Transferee Company.</p> <p>(c) The contributions made by Transferor Company in respect of its employees under applicable law, to the provident fund, gratuity fund, leave encashment fund and any other special scheme or benefits created, for the period after the Appointed Date (as defined in the Scheme) shall be deemed to be contributions made by Transferee Company.</p> <p>(d) Under the Scheme, no rights of the Key Managerial Personnel of the Transferee Company are being affected.</p>
4.	Creditors	<p>(a) Under the Scheme, no arrangement is sought to be entered into between the Transferee Company and its secured and unsecured creditors.</p> <p>(b) The interest of the creditors of the Transferee Company shall not be impacted in any manner.</p>

6. Valuation:

Share Exchange Ratio

- 6.1 For the purpose of arriving at the Share Exchange Ratio, the Valuation Report was obtained by the Company in terms of the SEBI Circular dated 10 March, 2017, bearing reference number CFD/DIL3/CIR/2017/21, as amended, modified or replaced from time to time.
- 6.2 The Share Exchange Ratio has been arrived at on the basis of various methodologies explained in the Valuation Report and various qualitative factors relevant to the business and the business dynamics and growth potentials of the business, having regard to information base, key underlying assumptions and limitations
- 6.3 The Fairness Opinion issued by Finshore Management Services Pvt. Ltd, an Independent SEBI registered Merchant Banker, wherein they have confirmed that the Share Exchange Ratio as per the Valuation Report issued jointly by Sharp & Tannan, Independent Chartered Accountants, and Ms. Rashmi Shah Independent Chartered Accountant and Registered Valuer is fair to the shareholders of the Company and has been approved by the Audit Committee of the Company, the Board of the Company, the Board of SPL and the Audit Committee of SPL, in accordance with Circular No.

LIST/COMP/02/2017-18 dated 29 May, 2017 issued by BSE Limited and Circular No. NSE/CML/2017/12 dated 1 June, 2017 issued by the National Stock Exchange of India Limited.

6.4 The Valuers have not expressed any special difficulty while carrying out the valuation.

7. Adoption of the Report by the Directors:

The Directors of the Company have adopted this Report after noting and considering the information set forth in the Report. The Board or the Amalgamation Committee is entitled to make relevant modifications to this Report, if required, and such modification or amendments shall be deemed to form part of this Report.

By order of the Board

For Electrosteel Castings Limited

**Sd/-
Indranil Mitra
Company Secretary**

Sharp & Tannan Chartered Accountants Ravindra Annexe, 194, Churchgate Reclamation, Dinshaw Vachha Road, Mumbai - 400 020, Maharashtra	R. V. Shah & Associates Chartered Accountants 108, Sujata, Station Road, Malad East, Mumbai - 400 097, Maharashtra
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Dated: 3rd October, 2020

To,

The Board of Directors Electrosteel Castings Limited. Rathod Colony, Rajgangpur, Sundergarh, Odisha - 770 017	The Board of Directors Srikalahasthi Pipes Limited Srikalahasthi Mandal, Chittoor District, Rachagunneri Village, Andhra Pradesh -517 641
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Re: Recommendation of Fair Equity Share Exchange Ratio for Proposed Amalgamation of Srikalahasthi Pipes Limited into and with Electrosteel Castings Limited

Dear Sir/Madams,

This is with reference to our discussions held from time to time, whereby

- Electrosteel Castings Limited (“ECL”) has engaged R.V. Shah & Associates, Chartered Accountants [Firm Registration No. 133958W] (Herein referred to as “RVS”) vide the engagement letter dated 19th September, 2020, and
- Srikalahasthi Pipes Limited (“SPL”) has engaged M/s Sharp & Tannan, Chartered Accountant [Firm Registration No. 109982W] (Herein referred to as “S&T”) vide the engagement letter dated 19th September, 2020

to recommend fair equity share exchange ratio for the proposed amalgamation of SPL with ECL (together referred to “the Companies”) (hereinafter referred to as “Proposed Amalgamation”).

We are pleased to present herewith our joint report on the same.

S&T and RVS are herein jointly referred to as “Valuers” or “We” and individually referred to as “Valuer”



1. BRIEF BACKGROUND

1.1 ELECTROSTEEL CASTINGS LIMITED (“ECL”)

1.1.1 Electrosteel Castings Limited (CIN: L273100R1955PLC000310) is a public limited company incorporated on 26th November 1955 and having registered office at Rathod Colony, Rajgangpur, District: Sundergarh, Odisha 770 017.

1.1.2 ECL is engaged in the manufacture and supply of Ductile Iron (DI) Pipes, Ductile Iron Fittings (DIF) and Cast Iron (CI) Pipes as its core business and produces and supplies Pig Iron, in the process. It also produces Metallurgic Coke, Sinter and Power for captive consumption. The company caters to the needs of Water Infrastructure Development.

1.1.3 Equity shares of ECL are listed on National Stock Exchange of India Limited (“NSE”) and Bombay Stock Exchange Limited (“BSE”).

1.1.4 The Company is the first to set up a Ductile Iron Pipe Plant in India. Today, it is India’s leading pipeline solution provider. It has a strong brand presence around the Globe. The Company is distinct choice for water engineers and domain experts in Ductile Iron Pipes and Fittings.

1.1.5 ECL has overseas subsidiaries which are primarily engaged in the business of trading of DI Pipes and Fittings.

1.1.6 ECL has reported a consolidated shareholder’s fund of INR 2,881 Cr as on 31st March 2020 and consolidated revenue and consolidated profit after tax of INR 2,711 Cr and INR 161 Cr respectively for the year ended 31st March 2020.

1.1.7 The shareholding pattern of ECL as on 30th September 2020 is as follows:

Sl. No.	Category	No. of Shares	% Holding
a.	Promoter & Promoter Group	23,89,57,776	55.19%
b.	Public	19,39,96,933	44.81%
Total		43,29,54,709	100.00%

1.2 SRIKALAHASTHI PIPES LIMITED (“SPL”)

1.2.1 Srikalahasthi Pipes Limited (CIN: L74999AP1991PLC013391) is a listed public company, incorporated on November 01, 1991, having its registered office in Rachgunneri Village, Srikalahasthi Mandal, District - Chittoor, Andhra Pradesh - 517 641. SPL was formerly known as Lanco Industries Limited. ECL holds 1,93,01,218 fully paid up equity shares having face value of INR 10 each of SPL amounting to 41.33% of the total equity share capital of SPL. ECL and SPL are under control of common promoter group. ECL along with its promoter group of companies are in a position to and do exercise control over SPL.



- 1.2.2 SPL is one of the leading players in the DI pipe industry in India with plant located at Rachgunneri Village, Srikalahasthi, Chittoor District, Andhra Pradesh near Tirupati and its key products include DI Pipes, Pig Iron, Coke & and Cement. SPL has a backward integrated manufacturing facility which includes a sinter plant, coke oven plant, and power plant and Sewage Treatment facilities in the same complex spread over 330 acres, giving the company a significant competitive advantage. The company supplies DI pipes to various Water Boards, Municipal Corporations and Turnkey Contractors across the country for their Water Infrastructure Projects which is the thrust area of the Government of India.
- 1.2.3 Equity shares of SPL are listed on NSE and BSE.
- 1.2.4 SPL has reported shareholders' fund of INR 1,416 as on 31st March 2020, revenue and profit after tax of INR 1,663 Cr and INR 188 Cr for the year ended 31st March 2020.
- 1.2.5 The shareholding pattern of SPL as on 30th September, 2020 is as follows:

Sl. No.	Category	No. of Shares	% Holding
a.	Promoter & Promoter Group	2,24,83,513	48.15%
b.	Public	2,42,14,894	51.85%
Total		4,66,98,407	100.00%

2. SCOPE & PURPOSE

- 2.1 We understand that management of ECL & SPL ("Management") is contemplating to amalgamate SPL with ECL pursuant to a scheme to enable the Companies to streamline their business activities into single combined entity, thereby resulting in economies of scale and avoidance of undue duplication in work, reduction in common expenditure otherwise incurred by the two entities within common group, better and more productive utilization of financial, human and other resource and enhancement of overall business efficiency. The managements expects that amalgamation will enable the combined entity to leverage their consolidated resources to: (a) increase production capacities; (b) undertake research and development initiatives to improve manufacturing processes and final product; (c) serve the needs of a larger customer base leading to overall business domestically as well as overseas; and (d) improved credit rating.



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- 2.2 The proposed amalgamation of SPL with ECL is to be affected through Scheme of Amalgamation on going concern basis with effect from the opening business hours of 01st October, 2020 (“Appointed Date”) pursuant to the provisions of Section 230 to 232 and other applicable provisions of the Companies Act 2013 (including any statutory modifications, re-enactments or amendments thereof) and other applicable securities and capital market laws and rules issued thereunder to the extent applicable (“Proposed amalgamation”). In consideration thereof equity shares of ECL will be issued to the shareholders of SPL once the scheme become effective. The number of equity shares of ECL of face value of INR 1 each to be issued for the equity shares of SPL of face value of INR 10 each in the event of proposed amalgamation is referred to as the “Fair Equity Share Exchange Ratio” or “Share Exchange Ratio”.
- 2.3 In this regard S&T and RVS have been appointed by the Companies to submit a Joint Valuation Report recommending a Fair Equity Share Exchange Ratio (“Report”) in connection with the Proposed Amalgamation of SPL with ECL to be placed before the Audit Committee and Board of Directors (“Boards”) of the Companies as required under the provisions of Section 230-232 of the Companies Act 2013 and other applicable securities and capital market laws and rules issued thereunder.
- 2.4 The scope of our services is to conduct a relative valuation (not an absolute valuation) of the equity shares of the Companies and recommend a Share Exchange Ratio as on 1st October 2020 (“Valuation Date”) for issue of equity shares of ECL to the equity shareholders of SPL for the Proposed Amalgamation in accordance with ICAI Valuation Standards 2018 issued by Institute of Chartered Accountants of India.
- 2.5 This Report will be placed before the Boards and Audit Committees of the Companies, as applicable, as per the relevant SEBI circulars, and, to the extent mandatorily required under the applicable laws of India. This Report may be required to be produced before the judicial, regulatory or government authorities, stock exchanges, shareholders in connection with the Proposed Amalgamation under applicable laws.
- 2.6 We have considered financial information up to 30th June 2020 and the current market parameters in our analysis and made adjustments for additional facts made known to us till the date of our Report which will have a bearing on the valuation analysis to the extent considered appropriate. Further, the Management has informed us that all material information impacting the Companies has been disclosed to us.



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- 2.7 Management of ECL has informed that their group's operations and financial results for the quarter ended 30th June 2020 have been adversely affected by the Outbreak of Covid-19 pandemic and consequent lockdown announced by various governments where subsidiaries are based including India due to which the operations were suspended for the part of the quarter and gradually resumed with requisite precautions. Also the group has incurred losses in Q1 FY 20-21. ECL has the sufficient liquidity to meet its future liabilities and obligations.
- 2.8 Further Management of SPL has also informed that their company's operations and financial results for the quarter ended 30th June 2020 have been adversely affected by the Outbreak of COVID-19 pandemic and consequent lockdown announced by the Government of India. The plant was shut down in the initial period of lock down days. It was further informed that the production is ramping up gradually and is hopeful that normal working is likely to be restored soon. SPL has incurred losses in Q1 FY 20-21. SPL has the sufficient liquidity to meet its future liabilities and obligations.
- 2.9 Management has informed that the uncertainties involved in view of the continuance of the pandemic, the effect of future impact of the pandemic on the operations of the Companies have been adequately adjusted in the future projections of the Companies.
- 2.10 The Management has informed us that:
- a) There would not be any capital variation in the Companies till the Proposed Amalgamation becomes effective without the approval of the shareholders;
 - b) Neither Companies would declare any dividend which are either materially different than those declared in the past few years or having materially different yields.

We have relied on the above while arriving at the Share Exchange Ratio for the Proposed Amalgamation.

- 2.11 This Report is our deliverable in respect of our recommendation on the Fair Equity Share Exchange Ratio for the Proposed Amalgamation.
- 2.12 Our opinion is based on prevailing market, economic and other conditions as at the date of this Report. These conditions can change over relatively short periods of time. Any subsequent changes in these conditions could have an impact upon our opinion. We do not undertake to update this Report for events or circumstances arising after the date of this Report.
- 2.13 This Report is subject to the assumptions, exclusions, limitations and disclaimers detailed hereinafter. As such, the Report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to therein.



3. SOURCE OF INFORMATION AND PROCEDURES ADOPTED

3.1 For the purpose of this valuation exercise, we have received & relied upon the following sources of information:

- ❖ Audited Annual Accounts of the Companies for FY 2015-16 to FY 2019-20;
- ❖ Management Certified financial statements of the Companies for the quarter ended 30th June 2020;
- ❖ Management Certified financial projections of the Companies for 9 months ending on FY 2020-21 and for FY 2021-22 to FY 2021-28;
- ❖ Management Certified financial statements of overseas subsidiaries of ECL as on 30th June 2020;
- ❖ Fair Valuation Report of surplus lands of ECL;
- ❖ Management Certified lists of contingent liabilities of Companies as on 30th June 2020;
- ❖ Income Tax returns for AY 19-20 and draft statement of tax computation for AY 20-21 of the Companies;
- ❖ Shareholding Pattern of the Companies as on 30th September, 2020.
- ❖ Brief Overview of the Companies and its past & current operations;
- ❖ Management certified draft Scheme of Amalgamation for the Proposed Amalgamation;
- ❖ Management Representation Letter dated 1st October, 2020, containing various data, documents and information relating to the Companies, which is relevant for the present valuation;
- ❖ Other information provided, as well as discussions held with, the Management of the Companies and other key personnel regarding past, current & future business operations;
- ❖ Published & secondary sources of data, whether or not made available by the Companies.
- ❖ Such other necessary information as considered relevant.

3.2 In addition to review of the above information, we have also held various discussions with the Management and other key personnel of the Companies from time to time regarding past, current & future business operations and obtained requisite explanation and clarification of data provided, either in oral or written form or in soft copy.

3.3 In this valuation exercise, the effect of recent slump in the economy and its consequential effect on the Companies due to COVID-19 pandemic and nationwide lockdown in almost whole of Quarter ended on 30th June 2020 have been considered. The projections provided by the management also include such effect for FY 2020-21 in terms of clause 2.7 & clause 2.8 of this Report.

3.4 For the above exercise, we have also analyzed general market data, including economic, governmental, environmental forces and industry information that may affect the equity valuation of ECL and SPL.



- 3.5 Further, we have also relied on published and secondary sources of data whether or not made available by the Companies. We have not independently verified the accuracy or timeliness of the same.
- 3.6 Management of ECL and SPL has been provided with an opportunity to review the draft Report for confirming the accuracies of facts and statements made herein this Report.

4. ASSUMPTIONS, EXCLUSIONS, LIMITATIONS & DISCLAIMERS

- 4.1 This Report is intended only for the sole use and information of the Boards of the Companies and only in connection with the Proposed Restructuring including for the purpose of obtaining regulatory approvals, as required under applicable laws of India. Valuation analysis and results are specific to the purpose of valuation and is not intended to represent value at any time other than Valuation Date for the purpose of this Report and as per agreed terms of our engagement. It may not be valid for any other purpose or as at any other date. Also, it may not be valid if done on behalf of any other entity.
- 4.2 This Report, its contents and the results are specific to (i) the purpose of valuation agreed as per the terms of our engagement; (ii) the Valuation Date and (iii) are based on the financial information of the Companies till 30th June 2020. The Management of the Companies have represented that the business activities of the Companies have been carried out in normal and ordinary course between 30th June 2020 and the Report Date and that no material changes have occurred in their respective operations and financial position between 30th June 2020 and the Report Date except the effect of COVID-19 pandemic which have been duly considered in the current valuation exercise in terms of clause 2.7 & clause 2.8 of this Report and receipt of Arbitration Award vide Order of Arbitral Tribunal dated 10th August, 2020 by ECL, whereby ECL is entitled to receive INR 232.45 Cr from Railway Authorities.
- 4.3 We have no responsibility to update the Report for any events and circumstances occurring after the date of the Report. However, we reserve the right to amend or replace the Report at any time in the event of any material change in the facts presented to us. Our valuation analysis was completed on a date subsequent to the Valuation Date and accordingly we have taken into account such valuation parameters and over such period, as we considered appropriate and relevant, up to a date close to Valuation Date.
- 4.4 This Report and the information contained herein are absolutely confidential and is prepared on for the stated purposes in this Report. This Report should not be copied, disclosed, circulated, quoted or referred to either in whole or in part, in correspondence or in discussion with any other person except to whom it is issued without our written consent. The Companies are required to submit this Report to regulatory or judicial authorities, government authorities, stock exchanges, courts, shareholders, their professional advisors including merchant bankers providing the



fairness opinion on the Share Exchange Ratio in connection with the Proposed Amalgamation to the extent mandatorily required under applicable laws of India. We hereby consent to such disclosure of this Report, on the basis that we owe responsibility only to the Boards of the Companies that have engaged us, under the terms of our engagement, and no other person; and that, to the fullest extent permitted by law, we accept no responsibility or liability to the shareholders of the Companies or any other party, in connection with this Report. The results of our valuation analysis and our Report cannot be used or relied by the Companies for any other purpose or by any other party for any purpose whatsoever. Possession of this Report, or a copy thereof, does not carry with it the right of publication of all or any part of it, nor may it be used for any purpose by anyone, without the previous written consent of us and, in any event, only with proper attribution.

- 4.5 We are not responsible to any other person / party for any decision of such person / party based on this Report. Any person / party intending to provide finance / invest in the shares / business of the Companies / their holding companies / subsidiaries / associates / investee companies / other group companies, if any, shall do so after seeking their own professional advice and after carrying out their own due diligence procedures to ensure that they are making an informed decision. If any person / party (other than the Companies) choose to place reliance upon any matters included in the Report, they shall do so at their own risk and without recourse to the Valuer.
- 4.6 For the purpose of providing recommendation on the Share Exchange Ratio, we have used financial and other information provided to us by the Management of the Companies and the information that was publicly available, sourced from subscribed databases and formed substantial basis for this Report which we believe to be reliable and conclusions are dependent on such information being complete and accurate in all material aspects. While information obtained from public domain or external sources have not been verified for authenticity, accuracy or completeness, we have obtained information as far as possible, from sources generally considered to be reliable. We assume no responsibility for such information. Our scope of work refrains us to accept responsibility for the accuracy and completeness of the financial and other information provided to us by the Managements. Our conclusion on value assumes that the assets and liabilities of the Companies, reflected in their respective latest balance sheets remain intact as of the Report date.
- 4.7 In accordance with the terms of engagement letter and in accordance with the customary approach adopted in valuation exercises, we have not audited, certified, carried out a due diligence, or otherwise investigated the historical and projected financial information, if any, provided to us regarding the Companies / their holding / subsidiary / associates / joint ventures / investee companies, if any. Accordingly, we do not express an opinion or offer any form of assurance regarding the truth and fairness of the financial position as indicated in the historical financials / financial statements and projections. The assignment did not involve us to conduct the financial, legal, regulatory, tax, accounting, actuarial or



technical feasibility study. We have not done any independent technical valuation or appraisal or due diligence of the assets or liabilities of the Companies. Also, with respect to explanations and information sought from the Managements, we have been given to understand by the Management that they have not omitted any relevant and material factors about the Companies and that they have checked the relevance or materiality of any specific information to the present exercise with us in case of any doubt.

- 4.8 It should be noted that we have examined the Share Exchange Ratio for the Proposed Amalgamation and not examined any other matter including economic rationale for the Proposed Amalgamation per se or accounting, legal or tax matters involved in the Proposed Amalgamation.
- 4.9 The Report assumes that the Companies comply fully with relevant laws and regulations applicable in all its areas of operations unless otherwise stated, and that the Companies will be managed in a competent and responsible manner. Further, except as specifically stated to the contrary, this Report has given no consideration to matters of a legal nature, including issues of legal title and compliance with local laws, and litigation and other contingent liabilities that are not recorded in the audited / unaudited balance sheets of the Companies / their holding / subsidiary / associates / joint ventures / investee companies, if any.
- 4.10 Our Report is not, nor should it be construed as our opining or certifying the compliance of the Proposed Restructuring with the provisions of any law / standards including companies, foreign exchange regulatory, securities market, accounting and taxation (including transfer pricing) laws / standards or as regards any legal, accounting or taxation implications or issues arising from such Proposed Restructuring.
- 4.11 Our Report is not, nor should it be construed as our recommendation on the Proposed Amalgamation or anything consequential thereto / resulting therefrom. Our scope of work is limited to expression of our view on the Share Exchange Ratio. This Report does not address the relative merits of the Proposed Amalgamation as compared with any other alternatives or whether or not such alternatives could be achieved or are available. Any decision by the Companies / their shareholders / creditors regarding whether or not to proceed with the Proposed Amalgamation shall rest solely with them. We express no opinion or recommendation as to how the shareholders / creditors of the Companies should vote at any shareholders' / creditors' meeting(s) to be held in connection with the Proposed Amalgamation. This Report does not in any manner address, opine on or recommend the prices at which the securities of the Companies could or should transact at following the announcement / consummation of the Proposed Amalgamation. Our Report and the opinion / valuation analysis contained herein is not, nor should it be construed as advice relating to investing in, purchasing, selling or otherwise dealing in securities or as providing management services or carrying out management functions. It is understood that this analysis does not represent a fairness opinion.



- 4.12 We express no opinion on the achievability of the forecasts, if any, relating to the Companies given to us by the Management. The fee for our valuation analysis and the Report is not contingent upon the results reported.
- 4.13 The Companies and their representatives warranted to us that the information as supplied to us is complete & accurate. Financial results reflect the result of operations and financial condition in accordance with Indian Accounting Standards (Ind AS). Information &/or explanations, as provided by the Management or other key management personnel of the Companies has been accepted as correct without further verification and we express no opinion on that information.
- 4.14 Our conclusion is based on the assumptions and information given to us by/on behalf of the Companies. A valuation or determination of Share Exchange Ratio of this nature involves consideration of various factors including those impacted by prevailing stock market trends in general and industry trends in particular. This Report is issued on the understanding that the Management has drawn our attention to all the matters, which they are aware of concerning the financial position of the Companies and any other matter, which may have an impact on our opinion, on the Share Exchange ratio for the Proposed Amalgamation as on the Valuation Date. If there were any omissions, inaccuracies or misrepresentations of the information and financial projections as provided by the Management or other key management personnel of the Companies, this may have a material effect on our findings. It is expressly understood and agreed that we shall not in any respect be responsible for the accuracy or completeness of, or have any obligation to verify, any of the information made available to us including, without limitation, prospective financial information. Consequently, the Companies shall accept full responsibility for the reasonability and reliability of this information & data and that our valuation exercise will be subject to this limitation.
- 4.15 Valuation work, by its very nature, cannot be regarded as an exact science and the conclusions arrived at in many cases will be subjective and dependent on the exercise of individual judgment. Given the same set of facts and using the same assumptions, expert opinion may differ due to separate judgments & decisions, which have to be made. The fair value of Equity shares of ECL and SPL has been derived in accordance with Valuation Standards, 2018 issued by ICAI.
- 4.16 Whilst all reasonable care has been taken to ensure that the facts stated in the Report are accurate and the opinion given is fair and reasonable, neither ourselves, nor any of our partners, officers or employees shall in any way be responsible for the contents stated herein. Accordingly, we make no representation or warranty, express or implied, in respect of completeness, authenticity or accuracy of such statements. We expressly disclaim any and all liabilities, which may arise based upon the information used in this Report. We are neither liable to any third party nor liable for any loss, damage, cost or expense arising in any way from fraudulent acts, misrepresentations or willful default on the part of the Companies, their management, directors, employees or agents in relation to the issue of this Report.



- 4.17 We shall not be called upon to prove or defend the valuation exercise in any forum and we are not required to give testimony in Court/Tribunal, etc., or be in attendance during any hearings or depositions, or give explanation to the auditors with reference to the value of the Companies, if required, unless previous and separate arrangements for the same have been made with us.

5. VALUATION

5.1 BASIS OF VALUATION

The purpose of this Valuation Report is to compute the value of ECL and SPL on a going concern basis as on Valuation Date and thereby recommending a Share Exchange Ratio for the proposed Amalgamation.

5.2 KEY FACTORS AFFECTING VALUATION

To carry out a valuation, we consider certain fundamental factors that affect the wealth generating capability of the company. These include:

- ❖ General economic outlook as well as current & expected conditions in the business environment;
- ❖ Competitive environment prevailing within the industry;
- ❖ Relative competitive advantages of the business in terms of the service capability, management capabilities, etc.;
- ❖ Historical financial and operational performance.

5.3 VALUATION METHODOLOGIES AND RATIONALE

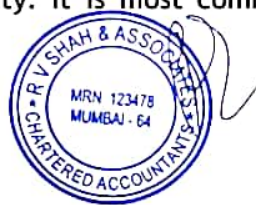
Valuation cannot be regarded as an exact science, given the same set of facts & using the same assumptions, expert opinion may differ due to the number of separate judgment decisions, which have to be made. There can be three internationally accepted approach/approaches as per Valuation Standards 2018 issued by ICAI to valuation:-

- (i) Cost Approach,
- (ii) Market Approach and
- (iii) Income Approach.

5.3.1 COST APPROACH

Net Assets Value (“NAV”) Method

- Under this method, total value of the business is based on sum of the Net Assets Value either on book value or realizable value or replacement cost basis. NAV methodology is most applicable for the business where the value lies in the underlying assets and not the ongoing operations of the business. NAV method does not capture the future earning capacity of the business.
- This method is mainly used in the cases where the fixed asset base dominates the earnings capability. It is most commonly used in for valuation of Finance



companies, Real Estate companies and manufacturing companies having wide asset base, where the assets of the company represent its value.

- Under this approach, Management certified financials of the Companies as on 30th June, 2020 are available. In present exercise we have considered it appropriate to give weightage to Net Assets Value method as both the Companies are having wide asset base.

5.3.2 MARKET APPROACH

Market Price Method

- Under this method, the market price of an equity share as quoted on a recognized Stock Exchange is normally considered as the value of the equity shares of that company, where such quotations are arising from the shares being regularly and frequently traded. The market value generally reflects the investors' perception about the true worth of the company. But there could be situations where the value of the share as quoted on the stock market would not be regarded as a proper index of the fair value of the share especially where the market values are fluctuating in a volatile capital market.
- Further in case of amalgamation, where there is a question of evaluating the shares of one company against those of another, the volume of transactions and the number of shares available for trading on the stock exchange over a reasonable period would have to be of a comparable standard.
- Since, ECL and SPL are listed companies, Market Price of equity shares of ECL and SPL traded on NSE over a reasonable period has been considered for this valuation method.

Market Multiple Method

- Under Market Multiple Method, the value is determined on the basis of multiples derived from valuations of comparable companies, as manifested through stock market valuations of listed companies.
- This valuation is based on the principle that market valuations, taking place between informed buyers and informed sellers, incorporate all factors relevant to valuation. Relevant multiples need to be chosen carefully and adjusted for differences between the circumstances.
- The availability of listed companies which are pure-play in DI pipes and CI Pipes sector have enabled the computation of multiples that would facilitate usage of this method in arriving at the equity value of ECL and SPL. Accordingly, this method has been considered for valuation of ECL and SPL.



- We have considered Enterprise value to Earnings before interest, tax, depreciation and amortization (EV/EBITDA) Multiple to value the equity shares of ECL and SPL under this method.

Market Transactions Method

- This method is based on the assumption that if comparable Asset (or company) has fetched certain price, then the subject asset (or company) will realize a price something near to it. This method involves reviewing transactions for companies that are in the same or similar line of business as the company being valued and then, applying the relevant pricing multiples to the subject company to determine its value. The method might involve private company transactions or public company transactions. Adjustments are commonly made to these valuation measures before applying to the subject company to ensure an "Apple-to-Apple" comparison. One or many comparable sales might be considered under this method depending on the data available and the degree of similarity of the company being valued.
- This method has not been used in current valuation since there is no recent comparable transaction whose information is available in public domain.

5.3.3 INCOME APPROACH

Discounted Cash Flow ("DCF") Method

- DCF Method seeks to arrive at a value of a business based on the strength of its future cash flows. This method captures the risk involved with these cash flows.
- Under this method, the business is valued by discounting its free cash flows for an explicit forecast period and the perpetuity value thereafter. The free cash flows to the firm ("FCFF") represent the cash available for distribution to both the owners and the creditors of the business. The free cash flows in the explicit period and those in perpetuity are discounted by Weighted Average Cost of Capital ("WACC"). WACC is an appropriate rate of discount to calculate the present value of the future free cash flows as it considers debt-equity risk and also debt-equity ratio of the company/industry.
- To the present value of the cash flows so arrived, adjustments are made for the value of debt, surplus/non-operating assets including investments, surplus cash & bank balance and contingent assets/liabilities and other liabilities, if any, in order to arrive at the value for the equity shareholders. The total value for the equity shareholders so arrived has to be then divided by the number of equity shares in order to work out the value per equity share of the company.
- We have considered DCF method to derive the value of Equity shares of ECL and SPL since both the Companies are of operating nature and derive its value from their respective operations. Since DCF captures the future prospects of the



company & tries to value the company from that perspective, DCF Method has been used.

5.4 VALUATION METHODOLOGIES AND RATIONALE

- 5.4.1 It should be understood that the valuation of any company or its assets is inherently imprecise and is subject to certain uncertainties and contingencies, all of which are difficult to predict and are beyond our control. In performing our analysis, we made certain assumptions with respect to industry performance and general business and economic conditions. In additions, this valuation will fluctuate with changes in prevailing market conditions, the conditions and prospects, financial and otherwise, of the Companies, and other factors which generally influence the valuation of Companies and their assets.
- 5.4.2 The application of any particular method of valuation depends on the purpose for which the valuation is done. Our choice for methodology of valuation has been arrived at using usual and conventional methodologies adopted for transactions of a similar nature and our reasonable judgment, in an independent and bona fide manner based on our previous experience of assignment of a similar nature.
- 5.4.3 **Net Asset Value Method:** Under this method, based on management representation, we have considered the carrying value of assets and liabilities in management certified financial statements for the period ending on 30th June, 2020 as realizable value. Further we have made adjustments for fair value of non-operating assets (like surplus land and other assets) & investments on basis of valuation certificates, expert opinions, etc. We also have made appropriate adjustments for contingent liabilities as on 30th June, 2020.
- 5.4.4 **Market Price Method:** Under this method, equity value of ECL and SPL has been determined based on Regulations 164 (1) of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations 2018 ('ICDR'), volume weighted market prices, up to 1st October 2020 using NSE data¹.

We observe & believe that value arrived under the market price method for ECL varies as compared to values arrived under other methods primarily on account of (i) Holdco discount (on investments held by ECL in SPL) and (ii) discounted/lower value of non-operating assets/non-core assets of ECL, factored by the market. Given that shares of both ECL and SPL are frequently traded on stock exchanges, we have considered it appropriate to give weightage to market price method computed in accordance with Regulation 164 (1) of SEBI ICDR 2018.

- 5.4.5 **Market Multiple Method:** Under this method, the Enterprise Value of ECL (consolidated) & SPL has been determined by considering EV/EBITDA Trading Multiple of other guideline companies primarily engaged in DI pipes and CI Pipes Business. EV/EBITDA Multiple of guideline comparable companies have been

1. Since equity shares of ECL & SPL are more frequently traded on NSE as compared with BSE, we have considered data as available with NSE.



derived considering EBITDA for FY 19-20. Operations of the entire industry including the comparable companies have been severely impacted after FY 19-20 owing to the Covid-19 pandemic and hence performance in quarter ending June 2020 cannot be considered as normal. The average EV/EBITDA multiple of guideline comparable companies has been adjusted with an appropriate discount rate of 15%.

The adjusted multiple so arrived is multiplied with the EBITDA of ECL and SPL for FY 2019-20 to arrive at the Enterprise value of ECL & SPL respectively.

Appropriate adjustment has been made for net debt, non-operating assets, investments, if any, & other assets of ECL & SPL to arrive at their respective equity values.

5.4.6 Discounted Cash Flow Method:

5.4.6.1 Electrosteel Castings Limited:

For arriving at the enterprise value of ECL under this method, we have determined the present value of the operating cash flows of ECL. Operating cash flows have been projected by the company considering its future prospects, government spending on water logistics and its market share in the industry.

To the value so arrived at, we have added net-worth of the overseas subsidiaries of ECL as on 30th June 2020, fair value of its investment in Equity shares of SPL based on the value so arrived as per this Report, fair value of surplus land, fair value of other investments, fixed deposits, expected realisable value from other surplus assets and Cash & Cash Equivalent of ECL as on 30th June 2020.

To the value so arrived by adding the aforesaid items, we have reduced the debt and contingent liabilities of the company as on 30th June 2020 to arrive at the equity value of ECL.

Management confirms that ECL has been carrying its normal operations after 30th June 2020 till the date of this Report and no significant deviations in the operations have taken place (except clause 2.7 of this Report). Hence, based on the representation given by the management we confirm that equity value of ECL as determined above, under DCF approach, represents value of the Company as on Valuation Date.

5.4.6.2 Srikalahasthi Pipes Limited

Under this method for arriving at the enterprise value of SPL, we have determined the present value of the operating cash flows of SPL. Operating cash flows have been projected by the company considering its future prospects such as expansion of production capacity, if any, government spending on water logistics and its market share in the industry.



To the value so arrived at, we have added realisable value of non-operating assets such as Security Deposits, loans advanced, sales tax incentive receivable and Cash & Cash Equivalent of SPL as on 30th June 2020.

To the value so arrived by adding the aforesaid items, we have reduced the debt and contingent liabilities of the company as on 30th June 2020 to arrive at the equity value of SPL.

Management confirms that SPL has been carrying its normal operations after 30th June 2020 till the date of this Report and no significant deviations in the operations have taken place (except clause 2.8 of this Report). Hence, based on the representation given by the management we confirm that equity value of SPL, as determined above under DCF approach, represents value of SPL as on Valuation Date.

6. RECOMMENDATION OF EXCHANGE RATIO

- 6.1 The basis of the amalgamation of SPL with ECL would have to be determined after taking into consideration all the factors and methods mentioned hereinabove. Though different values have been arrived at under each of the above methods, for the purposes of recommending the fair exchange ratio of equity shares it is necessary to arrive at a final value for each of the Companies' shares. It is however important to note that in doing so, we are not attempting to arrive at the absolute equity values of the Companies, but at their relative values to facilitate the determination of the Fair Equity Share Exchange Ratio. For this purpose, it is necessary to give appropriate weights to the values arrived at under each approaches / methods.
- 6.2 The Fair Equity Share Exchange Ratio has been arrived at on the basis of a relative equity valuation of the Companies based on the various approaches / methods explained herein earlier and various qualitative factors relevant to each company and the business dynamics and growth potentials of the businesses of the Companies, having regard to information base, key underlying assumptions and limitations.
- 6.3 In light of the above and on consideration of all the relevant factors and circumstances as discussed & outlined hereinabove referred to earlier in this Report for Proposed Amalgamation and upon the proposed Scheme becoming effective, in our opinion, we recommend Fair Equity Share Exchange Ratio for the amalgamation of SPL with ECL of:

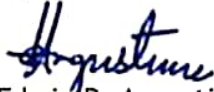
“59 equity shares of Electrosteel Castings Limited of face value of INR 1/- each fully paid up for every 10 equity shares of Srikalahasthi Pipes Limited of face value of INR 10/- each fully paid up”



The aforesaid share exchange ratio has been recommended based on value of equity shares of ECL and SPL as arrived under various valuation methodologies tabled hereunder:

Valuation Approach	Electrosteel Castings Limited		Srikalahasthi Pipes Limited	
	Weight	Value per Share (INR)	Weight	Value per Share (INR)
Asset Approach - Net Asset Value	10%	49.62	10%	299.97
Income Approach - Discounted Cash Flow Method	40%	57.21	40%	300.14
Market Approach - Market Price Method	35%	18.84	35%	167.88
Market Approach - Comparable Companies Multiple Method	15%	47.51	15%	242.03
Value per share	100%	41.57	100%	245.12
Exchange Ratio (Rounded off)				5.90

SHARP & TANNAN
Chartered Accountants
Firm Registration No. 109982W
by the hand of



Edwin P. Augustine
Partner
Membership No. 043385
Date: 3rd October, 2020
Place: Mumbai
UDIN: 20043385AAAAEH7687
Encl.: a/a



For R V Shah & Associates
Chartered Accountants
Firm Regn No. 133958W



Rashmi Shah
Proprietor
Membership. No. 123478
Date: 3rd October, 2020
Place: Mumbai
UDIN: 20123478AAAAHD2697
Encl.: a/a



To,
The Board of Directors
Electrosteel Castings Limited
Rathod Colony,
Rajgangpur, Sundergarh,
Odisha – 770 017

Sub: Fairness Opinion on the Share Exchange Ratio for the Proposed Scheme of Amalgamation of Srikalahasthi Pipes Limited with Electrosteel Castings Limited.

Dear Sir/Madam,

1. ENGAGEMENT BACKGROUND

We understand that the Board of Directors of the above referred Companies are considering an amalgamation of Srikalahasthi Pipes Limited (“Transferor Company”) with Electrosteel Castings Limited (the “Transferee Company”) pursuant to a Scheme of Amalgamation (“Scheme”) under the applicable provisions of the Companies Act, 2013.

We further understand that pursuant to the above Scheme, the shareholders of Transferor Company will be issued equity shares of Transferee Company as consideration for their respective shareholdings in the Transferor Companies.

We further understand that the Share Exchange ratio in this regard has been arrived based on the Valuation Report dated 03rd October, 2020 prepared by the independent Chartered Accountants (collectively referred to as “Valuers”), M/s Sharp & Tannan, Chartered Accountant (the “Valuers” or “S&T”) who has been appointed by Srikalahasthi Pipes Limited (Transferor Company) and R.V. Shah & Associates, Chartered Accountants (the “Valuers” or “RVS”) who has been appointed by the Electrosteel Castings Limited (Transferee Company).

In connection with the aforesaid, you have requested our Opinion as to the fairness of the Share Exchange Ratio, as recommended by the Valuers to the shareholders of Electrosteel Castings Limited (the “Transferee Company”).

2. BACKGROUND OF THE COMPANIES

a. Electrosteel Castings Limited (“ECL”)

- Electrosteel Castings Limited (CIN: L27310OR1955PLC000310) is a public limited company incorporated on 26th November 1955 and having its registered office at Rathod Colony, Rajgangpur, District: Sundergarh, Odisha 770 017.
- ECL is engaged in the manufacture and supply of Ductile Iron (DI) Pipes, Ductile Iron Fittings (DIF) and Cast iron (CI) Pipes as its core business and produces and supplies Pig Iron, in the process. It also produces Metallurgic Coke, Sinter and Power for captive consumption. The company caters to the needs of Water Infrastructure Development.

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- Equity shares of ECL are listed on National Stock Exchange of India Limited ("NSE") and Bombay Stock Exchange Limited ("BSE").
- The Company is the first to set up a Ductile Iron Pipe Plant in India. Today, it is India's leading pipeline solution provider. It has a strong brand presence around the Globe. The Company is distinct choice for water engineers and domain experts in Ductile Iron Pipes and Fittings.
- ECL has overseas subsidiaries which are primarily engaged in the business of trading of DI Pipes and Fittings.
- ECL has reported a consolidated shareholder's fund of INR 2,881 Cr as on 31st March 2020 and consolidated revenue and consolidated profit after tax of INR 2,711 Cr and INR 161 Cr for the year ended 31st March 2020.
- The shareholding pattern of ECL as on 30th September 2020 is as follows:

Sr. No	Category	No. of Shares	% Holding
a.	Promoter & Promoter Group	23,89,57,776	55.19%
b.	Public	19,39,96,933	44.81%
Total		43,29,54,709	100%

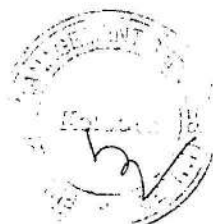
b. Srikalahasthi Pipes Limited ("SPL")

- Srikalahasthi Pipes Limited (CIN: L74999AP1991PLC013391) is a listed public company, incorporated on November 01, 1991, having its registered office in Rachgunneri Village, Srikalahasthi Mandal, District Chittoor, Andhra Pradesh 517641. SPL was formerly known as Lanco Industries Limited.. ECL and SPL are under the control of common promoter group. ECL along with its promoter group of companies are in a position to and do exercise control over SPL. ECL holds 1,93,01,218 fully paid up equity shares having face value of INR 10 each of SPL amounting to 41.33% of the total Equity share capital of SPL.
- SPL is one of the leading players in the DI pipe industry in India with plant located at Rachgunneri, Sri kalahasthi, Chittoor District, Andhra Pradesh near Tirupati and its key products include DI Pipes, Pig Iron, Coke & and Cement. SPL has a backward integrated manufacturing facility which includes a sinter plant, coke oven plant, and power plant and Sewage Treatment facilities in the same complex spread over 330 acres, giving the company a significant competitive advantage. The company supplies DI pipes to various Water Boards, Municipal Corporations and Turnkey Contractors across the country for their Water Infrastructure Projects which is the thrust area of the Government of India.
- Equity shares of SPL are listed on the National Stock Exchange of India Limited ("NSE") and BSE Limited ("BSE").

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- SPL has reported a ShareHolder's Fund of around INR 1,416 crores as on 31st March 2020, revenue from operations and profit after tax of around INR 1,663 Crores and INR 188 Crores respectively for the year ended 31st March 2020.
- The shareholding pattern of SPL as on 30th September, 2020 is as follows:

Sr. No	Category	No. of Shares	% Holding
a.	Promoter & Promoter Group	2,24,83,513	48.15%
b.	Public	2,42,14,894	51.85%
Total		4,66,98,407	100%

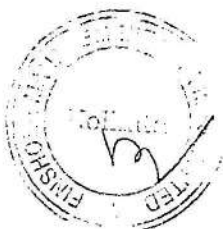
3. SOURCES OF INFORMATION

We have relied on the following information for forming our opinion on the fairness of the Share Exchange Ratio:-

- Audited Annual Accounts of the Companies for FY 2015-16 to FY 2019-20;
- Draft Scheme of Amalgamation between the Transferor and Transferee Companies and their respective shareholders and creditors;
- Valuation report dated 03rd October, 2020 issued jointly by R.V. Shah & Associates, Chartered Accountants, and M/s Sharp & Tannan, Chartered Accountants determining the Share Exchange Ratio; and
- Shareholding Pattern of the Companies as on 30th September, 2020.
- Brief Overview of the Companies and its past & current operations;
- Management certified Draft Scheme of Amalgamation for the proposed restructuring;
- Management Representation dated 03rd October, 2020 containing various data, documents and information relating to the Companies, which is relevant for the present valuation;
- Other information provided, as well as discussions held with, the Management of the Companies and other key personnel regarding past, current & future business operations;
- Published & secondary sources of data, whether or not made available by the Companies.
- Such other necessary information as considered relevant.

4. A) RATIONALE OF THE SCHEME OF AMALGAMATION

- The Transferor Company and Transferee Company are under the control of common promoter group of companies. Transferee Company along with promoter group of companies are in a position to and do exercise control over the transferor Company. The Transferor Company and Transferee Company are engaged in the same line of business, i.e., manufacture and sale of ductile iron pipes and both have common economic objective and strategic goals. It would be advantageous to combine the activities and operations in a single company leading to strong capability in effectively meeting future challenges of competitive business environment.
- The Amalgamation will enable the Transferor Company and Transferee Company to streamline their business activities into a single combined entity, thereby resulting in



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economies of scale and avoidance of undue duplication in work, reduction in common expenditure otherwise incurred by the two entities within common group, better and more productive utilization of financial, human and other resource and enhancement of overall business efficiency.

- c. The Amalgamation will result in significant reduction in multiplicity of legal and regulatory compliances which at present is required to be made separately by the Companies.
- d. The Amalgamation will result in simplification of the group structure and management structure with only one listed company in group leading to better administration and reduction in administrative and other costs from more focused operational efforts, rationalization, standardization and simplification of business processes.
- e. The Amalgamation will enable the combined entity to leverage their consolidated resources to: (a) increase production capacities; (b) undertake research and development initiatives to improve manufacturing processes and final product; (c) serve the needs of a larger customer base leading to overall business domestically as well as overseas, and (d) improved credit rating.
- f. The synergies that exist between the two companies in terms of services and resources can be put to the best advantage of all stakeholders.
- g. The Scheme of Amalgamation is expected to be in the best interests of the shareholders, employees and the creditors of the Transferor Company and the Transferee Company.

4. **B) THE SCHEME IS CONDITIONAL UPON AND SUBJECT TO:**

- a. The Company obtaining the observation letter from the designated Stock Exchange for the implementation of the Scheme.
- b. The Scheme being agreed to by the respective requisite majorities of members of the Company as required under the Act.
- c. The requisite sanctions and approvals under the applicable law including but not limited to approvals, sanctions required under the SEBI Circular (CFD/DII3/CIR/2017/21) dated March 10, 2017 issued by the SEBI read with the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, and as may be required by law in respect of this Scheme being obtained.
- d. The Scheme being approved by the National Company Law Tribunal, read with all other applicable provisions if any, of the Act or of such other authority having jurisdiction under applicable law, being obtained.
- e. The certified copy of the above order of the NCLT sanctioning this Scheme being filed with the Registrar of Companies

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SCOPE AND LIMITATIONS/CAVEATS

- a. Our opinion and analysis is limited to the extent of review of documents as provided to us by the Transferor and Transferee Companies including the Valuation report containing the share exchange ratio prepared by the independent Chartered Accountants R.V. Shah & Associates, Chartered Accountants, and M/s Sharp & Tannan, Chartered Accountants dated 03rd October, 2020 and draft Proposed Scheme. We have relied upon the accuracy and completeness of all information and documents provided to us, without carrying out any due diligence or independent verification or validation of such information to establish its accuracy or sufficiency. We have not reviewed any financial forecasts relating to these Companies. We have not conducted any independent valuation or appraisal of any of the assets or liabilities of the Transferor and Transferee companies, if any.
- b. In rendering our opinion, we have assumed that the Scheme of Amalgamation will be implemented on the terms described therein without any waiver or modification of any material terms or conditions and that in the course of obtaining the necessary regulatory approvals to the Scheme of Amalgamation, no delay, limitation, restriction or conditions will be imposed that would have an adverse effect on the Scheme.
- c. We do not express an opinion as to any tax or other consequences that might arise from the Scheme of Amalgamation nor does our opinion address any legal, tax, regulatory or accounting matters, as to which we understand that the Companies have obtained such advice as it deemed necessary from qualified professionals.
- d. We assume no responsibility for updating or revising our opinion based on circumstances or events occurring after the date hereof. Our opinion is specific to the arrangement as contemplated in the Scheme of Amalgamation provided to us and is not valid for any other purpose.
- e. Our engagement and opinion expressed herein are for the use of Board of Directors of the Companies in connection with the Scheme of Amalgamation and for no other purpose. Neither we nor any of our affiliates, partners, directors, shareholders, managers, employees or agents or any of them make any representation or warranty, express or implied, as to the information and documents provided to us, based on which the opinion has been issued. All such parties and entities expressly disclaim any and all liability for or based on or relating to any such information contained therein.
- f. No decision should be taken based on this Report by any person intending to provide finance or invest in shares of the Companies and shall do so after seeking their own professional advice and carrying out their own due diligence to ensure that they are making an informed decision.



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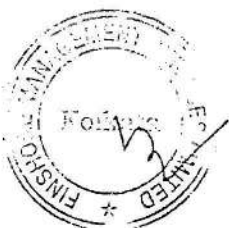
- g. Our opinion is not intended to and does not constitute a recommendation to any shareholder as to how such holder should vote or act in connection with the Scheme of Amalgamation, if required or any matter related thereto.
- h. Reproduction, Copying or otherwise quoting of our Report or any parts thereof, other than in connection with the scheme of amalgamation, can be done only with our prior consent in writing.
- i. Our report should not be construed as an opinion or certificate certifying the compliance of the Proposed Scheme of amalgamation with the provisions of any law including companies, taxation and capital market related laws or as regards any legal implication or issues arising from proposed amalgamation.
- j. Our opinion is restricted to the Fairness opinion on the valuation of Shares done by the Independent Chartered Accountants as required under Circular No CFD/DIL3/CIR/2017/21 dated 10th March, 2017 of SEBI
- k. As represented by the Management, the impact of COVID-19 ("Covid") has been considered in the financial projections.
- l. The fairness opinion is based on and is subject to the condition's precedent mentioned under Point 4B "The Scheme Is Conditional Upon And Subject To".
- m. We have no present or planned future interest in ECL and SPL and the fee payable for this opinion is not contingent upon the opinion reported herein. The company has been provided with an opportunity to review the draft opinion as a part of our standard practice to make sure that factual accuracy / omissions are avoided in our final opinion.
- n. The Opinion contained herein is not intended to represent at any time other than the date that is specifically stated in this Report. This opinion is issued on the understanding that the Management has drawn our attention to all matters of which they are aware, which may have an impact on our opinion up to the date of signature. We have no responsibility to update this report for events and circumstances occurring after the date of this Report.
- o. This Fairness opinion report is subject to the scope and limitations detailed herein. As such the report is to be read in totality, and not in parts and in conjunction with the relevant documents referred to in this report. This report has been issued only for the purpose of the facilitating the Scheme and should not be used for any other purpose.

6. OPINION

- a. With reference to above and based on information provided by Management and after discussions with the Valuers, we understand that the Proposed Scheme has been structured to consolidate the business of ECL and SPL. The proposed amalgamation is driven by motive to achieve synergies through focused business segments and leverage on its operations for future growth.

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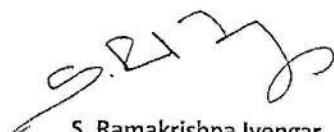
- b. "Subject to the caveats as detailed herein, based on our review as above and the information and explanation furnished to us, we as a Merchant Banker hereby certify that we have reviewed the valuation report recommending the swap ratio for the proposed scheme of amalgamation of Transferor Company with Transferee Company and are of the opinion that following share exchange ratio –

"59 (Fifty Nine) equity shares of Electrosteel Castings Limited of INR 1/- each fully paid up for every 10 (Ten) equity shares of Srikalahasthi Pipes Limited of INR 10/- each fully paid up"

is fair and reasonable to the equity shareholders of transferee company."

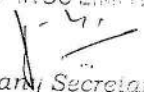
For Finshore Management Services Limited
SEBI Regd. CAT-I Merchant Banker, Regn No. INM000012185

Place: Kolkata
Date: 03rd October, 2020


S. Ramakrishna Iyengar
Director



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For ELECTROSTEEL CASTINGS LIMITED


Company Secretary

Strictly Private & Confidential

October 03, 2020

To
The Board of Directors,
Srikalahasthi Pipes Limited,
Rachagunneri Village, Srikalahasthi Mandal,
Chittoor District, Andhra Pradesh-517641.

Sub: Fairness Opinion on the Recommendation of Share Exchange Ratio for the proposed amalgamation of Srikalahasthi Pipes Limited into and with Electrosteel Castings Limited

Dear Sir/ Madam,

We refer to our engagement letter whereby Ashika Capital Limited (hereinafter referred to as “we” or “ACL”) was appointed by Srikalahasthi Pipes Limited (hereinafter referred to as “SPL” or the “Company”) to provide a fairness opinion on the recommendation of the Share Exchange Ratio for the proposed amalgamation of SPL into and with Electrosteel Castings Limited (hereinafter referred to as “ECL”).

1. Scope and Purpose:

We understand that the Board of Directors of SPL and ECL are contemplating to amalgamate SPL into and with ECL (“**Proposed Amalgamation**”). The proposed amalgamation is to be carried out pursuant to a Scheme of Amalgamation (“**Scheme**”) pursuant to the provisions of Section 230 to 232 and other applicable provisions of the Companies Act 2013 (including any statutory modifications, re-enactments or amendments thereof) and other applicable securities and capital market laws and rules issued thereunder to the extent applicable.



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We understand from the management of SPL that, pursuant to the proposed amalgamation, the equity shareholders of SPL will be issued equity shares in ECL as consideration for their respective shareholding in SPL. The terms and conditions of the proposed amalgamation are more fully set out in Draft Scheme of Amalgamation (“**Draft Scheme Document**”) shared with us, the final version of which will be filed by the aforementioned companies with the appropriate authorities.

We further understand that the share exchange ratio for the proposed amalgamation has been arrived at based on a joint report dated October 03, 2020 (“**Valuation Report**”) being issued by R.V. Shah & Associates, Chartered Accountants [Firm Registration No. 133958W] (herein referred to as “**RVS**”), engaged by ECL and M/s Sharp & Tannan, Chartered Accountant [Firm Registration No. 109982W] (herein referred to as the “**S&T**”), engaged by SPL. S&T and RVS are herein jointly referred to as “**Valuers**”.

Based on our perusal of the Valuation Report, we understand that it has been proposed that pursuant to the amalgamation of SPL into and with ECL, equity shareholders of SPL shall be issued 59 (*fifty nine*) fully paid equity shares of ECL of face value INR 1/- each for every 10 (*ten*) fully paid equity shares of SPL of face value INR 10/- each (hereinafter referred to as the “**Share Exchange Ratio**”).

In connection with the aforesaid, you requested our opinion (“**Opinion**”), as of the date hereof, as to the fairness of the share exchange ratio, as proposed by the Valuers, from a financial point of view, to the shareholders of SPL.

2. Sources of Information:

In connection with this Opinion, we have:

- (i) reviewed the management certified copy of Draft Scheme Document and the Valuation Report;

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- (ii) reviewed certain publicly available historical and operational information with respect to each of the relevant entities available in their respective annual & interim reports and Company presentations;
- (iii) reviewed certain historical business and financial information relating to each of the relevant entities, as provided by the Company, and sought certain clarifications with respect to the same;
- (iv) considered publicly available research on the Company and ECL as available with us as at the date hereof;
- (v) Shareholding Pattern of the Company and ECL as on September 30, 2020;
- (vi) Brief Overview of the Company and ECL and its past & current operations;
- (vii) held discussions with the Valuers, in relation to the approach taken to valuation and the details of the various methodologies utilised by them in preparing the valuation report and recommendations;
- (viii) sought various clarifications from the respective senior management teams of the relevant companies;
- (ix) sought Management Representation dated October 01, 2020 obtained by the Valuers containing various data, documents and information relating to the Company and ECL, which is relevant for the present valuation;
- (x) reviewed historical stock prices and trading volumes of the Company's and ECL shares on BSE & NSE
- (xi) reviewed published & secondary sources of data, whether or not made available by the Companies; and
- (xii) performed such other financial analysis and considered such other information and factors as we deemed appropriate.



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3. **Basis of Opinion:**

The rationale for the Scheme as shared with us by the Company's management is based on inter-alia the following benefits:

- The proposed amalgamation will enable the Companies to streamline their business activities into a single combined entity, thereby resulting in economies of scale and avoidance of undue duplication in work, reduction in common expenditure otherwise incurred by the two entities within common group, better and more productive utilization of financial, human and other resource and enhancement of overall business efficiency;
- The amalgamation will result in consolidation of the businesses of the parties resulting in expansion of the consolidated business both domestically and internationally, significant reduction in multiplicity of legal and regulatory compliances which at present is required to be made separately by the Companies, simplification of the group structure and management structure with only one listed company in group leading to better administration and reduction in administrative and other costs;
- The parties expect significant synergies through operational improvements, value optimisation, scale efficiencies and improvement in credit rating;
- The Scheme is expected to be in the best interests of the shareholders, and all other stakeholders;

Some key details related to SPL and ECL are as under:

Srikalahasthi Pipes Limited ("**Transferor Company**") (CIN: L74999AP1991PLC013391) is a public company, limited by shares, incorporated on November 01, 1991 under the provisions of the Companies Act, 1956, having its registered office in Rachgunneri Village, Srikalahasthi Mandal, Chittoor District, Andhra Pradesh-517641. SPL was formerly known as "Lanco Industries Limited". ECL holds 1,93,01,218 fully paid up equity shares having face value of INR 10 each of SPL amounting to 41.33% of the total equity share capital of SPL as on September 30, 2020. ECL and SPL are under control of common promoter group. ECL along with its promoter group of companies are in the position to and do exercise control over SPL.

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The equity shares of SPL are listed on the BSE Limited (“**BSE**”) and the National Stock Exchange of India Limited (“**NSE**”).

SPL is one of the leading players in the DI pipe industry in India with plant located at Rachgunneri Village, Srikalahasthi Mandal, Chittoor District, Andhra Pradesh near Tirupati and its key projects include DI pipes, Pig Iron, Coke and Cement. SPL has a backward integrated manufacturing facility which includes a sinter plant, coke oven plant, and power plant and Sewage Treatment facilities in the same complex spread over 330 acres, giving the company a significant competitive advantage. The Company supplies DI pipes to various Water Boards, Municipal Corporations and Turnkey Contractors across the country for their Water Infrastructure Projects which is the thrust area of the Government of India.

The shareholding pattern of SPL as on September 30, 2020 is as follows:

Sl. No.	Category	No. of Shares	% Holding
a.	Promoter & Promoter Group	2,24,83,513	48.15%
b.	Public	2,42,14,894	51.85%
Total		4,66,98,407	100.00%

Electrosteel Castings Limited (“**Transferee Company**”) (CIN: L27310OR1955PLC000310) is a public company, limited by shares, incorporated under the Indian Companies Act, 1913 on November 26, 1955 and having registered office at Rathod Colony, Rajgangpur, District: Sundergarh, Odisha 770 017. ECL was formerly known as "Dalmia Iron and Steel Limited". The equity shares of ECL are listed on the BSE Limited (“**BSE**”) and the National Stock Exchange of India Limited (“**NSE**”).

ECL is engaged in the manufacture and supply of Ductile Iron (DI) Pipes, Ductile Iron Fittings (DIF) and Cast iron (CI) Pipes as its core business and produces and supplies Pig Iron, in the process. It also produces Metallurgic Coke, Sinter and Power for captive consumption. The Company caters to the needs of Water Infrastructure Development. The Company is the first to set up a Ductile Iron Pipe Plant in India. Today, it is India’s leading pipeline solution

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provider. It has a strong brand presence around the Globe. The Company is distinct choice for water engineers and domain experts in Ductile Iron Pipes and Fittings. ECL has overseas subsidiaries which are primarily engaged in the business of trading of DI Pipes and Fittings.

The shareholding pattern of ECL as on September 30, 2020 is as follows:

Sl. No.	Category	No. of Shares	% Holding
a.	Promoter & Promoter Group	23,89,57,776	55.19%
b.	Public	19,39,96,933	44.81%
Total		43,29,54,709	100.00%

The key features of the Scheme provided to us through the Draft Scheme Document are as under:

1. As consideration for the amalgamation of SPL into and with ECL, ECL shall issue equity shares to the equity shareholders of SPL proportionate to their holdings in SPL;
2. ECL shares to be issued and allotted by ECL in terms of the Scheme shall be subject to the provisions of the memorandum and articles of association of ECL and shall rank *pari passu* in all respects and shall have the same rights attached to the then existing shares of ECL;
3. Upon the coming into effect of the Scheme, SPL shall, without any further act, instrument or deed, stand dissolved without winding-up;
4. Upon the Scheme becoming effective, the authorized share capital of SPL as on the Effective Date shall get combined with the authorized share capital of ECL. Immediately thereafter, as an integral part of this Scheme, the authorized share capital of SPL comprising of equity shares of face value of Rs 10 each, shall split and deemed to be reclassified in ECL as equity share of face value of Rs 1 each of ECL.

We have relied on the Draft Scheme Document and taken the abovementioned key features of the Scheme (together with other facts and assumptions set forth in this Opinion) into account while determining the meaning of “fairness”, from a financial point of view, for the purposes of this Opinion.



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4. Exclusions and Limitations:

Our Opinion and analysis is limited to the extent of review of documents as provided to us by SPL and ECL including the valuation report prepared by the Valuers and the Draft Scheme Document.

We have assumed and relied upon the accuracy and completeness of all information and documents provided to us, data publicly available or otherwise reviewed by or discussed with us. We have relied upon the SPL's and ECL's assurance that they are not aware of any facts or circumstances that would make such information or data incomplete, inaccurate or misleading in any material respect.

We have not carried out any due diligence or independent verification or validation of such information to establish its accuracy or sufficiency. We have not conducted any independent valuation or appraisal of any of the assets or liabilities of SPL and ECL, and / or their subsidiaries/affiliates. In particular, we do not express any opinion as to the value of any asset of SPL & ECL, and / or their subsidiaries/affiliates, whether at current time or in the future. No investigation of SPL's and ECL's claim to title of assets has been made for the purpose of the exercise and the claim to such rights has been assumed to be fully valid.

We have reviewed the methodologies as adopted by the Valuers for arriving at the fair valuation of the equity shares of SPL & ECL and also reviewed the working and underlining assumptions adopted to arrive at the values under the approach, for determining their respective per share value and to recommend the Share Exchange Ratio.

One should note that valuation is not an exact science and that estimating values necessarily involves selecting a method or approach that is suitable for the purpose. Moreover, in this case where equity shares of ECL are being issued as consideration to the shareholders of SPL, it is not the absolute per share value that is important for framing an opinion but the relative per share value of ECL vis-à-vis per share value of SPL.



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214, Nariman Point, Mumbai- 400 021
Tel.: +91 22 6611 1700
Fax.: +91 22 6611 1710
E-mail: mbd@ashikagroup.com

We have assumed, with the Company's consent that the Scheme will be in compliance with all applicable laws and other requirements and will be implemented on the terms described in the Draft Scheme Document, without any waiver or modification of any material terms or conditions, and that in the course of obtaining the necessary regulatory or third party approvals for the Scheme, no delay, limitation, restriction or condition will be imposed that would have an adverse effect on the Company, ECL and / or their relevant subsidiaries/ affiliates and their respective shareholders. We have assumed, at the directions of the Company that the final Scheme will not differ in any material respect from the Draft Scheme Document. We understand from the Company's management that the Scheme will be given effect to in totality and not in parts.

We express no view or opinion as to any terms or other aspects of the Scheme (other than the Share Exchange Ratio, from a financial point of view) including, without limitation, the form or structure of the proposed transaction. We were not requested to, and we did not, participate in the negotiations for the proposed transaction. Our Opinion is limited to the fairness, from a financial point of view, of the share exchange ratio proposed by the Valuers, to the shareholders of SPL. Our analysis relates to the relative values of the SPL and ECL. However, the actual transaction value may be significantly different from the result of our analysis and would depend on a number of factors, including the negotiating ability and motivations of the respective buyer and seller. We express no opinion or view with respect to the financial implications of the proposed transaction for any stakeholders, including creditors of the Company.

We express no view as to, and our Opinion does not address, the underlying business decision of the Company to effect the proposed transaction, the relative merits of the proposed transaction as compared to any other alternative business strategy, the effect of the proposed transaction on the Company or its affiliates, including, without limitation, possible implications on ownership structure, listing format, capital structure or trading price of ECL's shares post completion of the proposed transaction. The Company remains solely responsible for the commercial assumptions on the basis of which it agrees to proceed with the proposed transaction. Our Opinion is necessarily based only upon information as referred to in this letter.

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We have relied solely on representations, whether verbal or otherwise, made by the management of the Company and ECL, for areas where the same has been made.

We do not express any Opinion as to any tax or other consequences that might arise from the Scheme on the Company, ECL and / or their subsidiaries/affiliates, and their respective shareholders, nor does our Opinion address any legal, tax, accounting or structural matters as to which we understand that the respective companies have obtained such advice as they deemed necessary from qualified professionals. We have undertaken no independent analysis of any potential or actual litigation, regulatory action, possible unasserted claims, Governmental investigation or other contingent liabilities to which the Company, ECL and/or their subsidiaries/affiliates, are/or may be a party.

Our Opinion is necessarily based on financial, economic, monetary, market and other conditions as in effect on, and the information made available to us as of, the date hereof.

The COVID-19 (SARS-CoV-2) ("**Covid**") is presenting potentially significant impact upon economic activity and certain businesses. We understand that business plan provided by the Management captures their best judgement assessment / impact of Covid on the business.

The opinion rendered in this report only represents the opinion of Ashika Capital Limited based upon information furnished by the Management and other sources and the said opinion shall be considered advisory in nature.

The financial forecasts used in the preparation of the Report reflects Management's judgment, based on present circumstances, as to the most likely set of conditions and the course of action it is most likely to take. It is usually the case that some events and circumstances do not occur as expected or are not anticipated. Therefore, actual results during the forecast period will almost always differ from the forecasts and as such differences may be material. We express no opinion on the achievability of the forecasts, if any, relating to the Companies given to us by the Management.

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With regard to SPL & ECL claims to title of assets or property, we have relied solely on representations, whether verbal or otherwise, made by the Management to us for the purpose of this report. We have not verified such representations against any title documents or any agreements evidencing right or interest in or over such assets or property, and have assumed SPL & ECL claim to such rights, title or interest as valid for the purpose of this report.

It should be understood that subsequent developments may affect this Opinion and we assume no responsibility for updating or revising our Opinion based on circumstances or events occurring after the date hereof. It is to be read in totality, and not in parts, in conjunction with the relevant documents referred to herein.

Our Opinion also does not address any matters otherwise than as expressly stated herein, including but not limited to matters such as corporate governance, shareholders rights or any other equitable considerations. We have also not opined on the fairness of any terms and conditions of the Scheme other than the fairness, from a financial point of view, of the share exchange ratio proposed by the Valuers, to the shareholders of SPL.

Our engagement as a fairness opinion provider is independent of our other business relationships, which we may have with the Company, ECL and / or their relevant subsidiaries/ affiliates. In addition, in the ordinary course of their respective business, affiliates of ACL may invest in the securities of the Company, ECL and / or their subsidiaries or group companies, for their own accounts and for the accounts of their clients subject to the compliance of the SEBI (Prohibition of Insider Trading) Regulations may at any time hold a position in such securities. We will not be responsible to any other person/party for any decision. Our engagement and opinion expressed herein solely for the benefit of the Board of Directors of the Company (in its capacity as such) in connection with its consideration of the Scheme and for none other. Delivery of our opinion does not create any fiduciary, equitable or contractual duties on ACL (including, without limitation, any duty of trust or confidence). Further, our Opinion is being provided only for the limited purpose of complying with the SEBI regulations and the requirement of the stock exchanges on which the shares of the Company are listed or

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as required under applicable law, and for no other purpose. Neither Ashika Capital Limited, nor its affiliates, partners, directors, shareholders, managers, employees or agents of any of them, make any representation or warranty, express or implied, as to the information and documents provided to us, based on which the Opinion has been issued. All such parties and entities expressly disclaim any and all liability for, or based on or relating to any such information, contained therein.

The Company has been provided with the opportunity to review the draft Opinion as part of our standard practice to make sure that factual inaccuracy / omissions are avoided in our final Opinion.

The fee for our services is not contingent upon the results of the proposed Scheme. This document is subject to the laws of India.

Our Opinion is not intended to and does not constitute a recommendation to any party as to how such party should vote or act in connection with the Scheme or any matter related thereto.

5. Valuation Methodologies considered and Valuers' Recommendation:

For the purpose of arriving at the value of equity shares of ECL and SPL for recommending the aforesaid share exchange ratio, following valuation methodologies have been used by the Valuers:

- (a) Asset Approach - NAV Method
- (b) Income Approach - Discounted Cash Flows Method
- (c) Market Approach - Market Price and Comparable Companies Method

The Valuers, through Valuation Report have recommended a share exchange ratio of 59 (fifty nine) fully paid equity shares of ECL of face value INR 1/- each for every 10 (ten) fully paid equity shares of SPL of face value INR 10/- each.



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6. Conclusion:

Based on our examination of the documents mentioned in point 2, our discussions with the management of SPL and ECL and other intermediaries as appointed by them in this regard and subject to the foregoing, including various assumptions and limitations set forth herein, to the best of our knowledge and belief, we are of the opinion on the date hereof that from a financial point of view, the Share Exchange Ratio recommended by the Valuers is fair to the shareholders of SPL.

Thanking You,

Yours faithfully
For Ashika Capital Limited


Mihir Mehta
Senior Vice President - MBD



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SRIKALAHASTHI PIPES LIMITED

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Website : www.srikalahasthipipes.com, CIN : L74999AP1991PLC013391



SRIKALAHASTHI PIPES LIMITED

REPORT OF THE AUDIT COMMITTEE OF SRIKALAHASTHI PIPES LIMITED RECOMMENDING AMALGAMATION OF SRIKALAHASTHI PIPES LIMITED WITH ELECTROSTEEL CASTINGS LIMITED

1. Background

- 1.1. A meeting of the Audit Committee of Srikalahasthi Pipes Limited (“SPL” or “**the Company**” or “**Transferor Company**”) was held on 5 October, 2020 to consider and, if thought fit, recommend the proposed Scheme of Amalgamation of the Company with Electrosteel Castings Limited (“ECL” or “**Transferee Company**”) and their respective shareholders and creditors on a going concern basis under sections 230 to 232 and other applicable provisions of the Companies Act 2013 (“**the Act**”) read with Rules framed thereunder (“**the Scheme**”). The Scheme inter-alia provides for amalgamation of SPL with ECL and issue of equity shares as a consideration for amalgamation by ECL to the shareholders of SPL. The appointed date for amalgamation under the Scheme is 1st October, 2020 (“**Appointed Date**”).
- 1.2. As on date, ECL and the Company are under the control of common promoter group. ECL along with its promoter group of companies are in a position to and do exercise control over the Company.
- 1.3. The Scheme of Amalgamation is in compliance with Section 2(1B) of the Income-tax Act, 1961 and the SEBI Circular number CFD/DIL3/CIR/2017/21 dated 10 March 2017, as amended from time to time (referred to as “**SEBI Circular**”).
- 1.4. While deliberating on the Scheme, the Audit Committee has considered inter-alia, and has taken on record, the following documents:
 - (a) the draft Scheme, duly initialed by the Chairman of the Meeting for the purpose of identification;
 - (b) the Valuation Report dated 3rd October 2020, (i) jointly issued by M/s Sharp & Tannan, an Independent Chartered Accountants and R V Shah & Associates, an Independent Chartered Accountants and (ii) issued by Ms. Rashmi Shah, FCA, Registered Valuer (“**Valuer**”), describing inter-alia, the methodology adopted by them in arriving at the share exchange ratio (“**Share Exchange Ratio**”) for the proposed Amalgamation (“**Valuation Report**”); and





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- (c) Fairness Opinion dated 3rd October, 2020 issued by Ashika Capital Limited, an Independent SEBI Registered Merchant Banker, providing fairness opinion on the Share Exchange Ratio (“**Fairness Opinion**”).

2. Proposed Scheme of Amalgamation

2.1. The Audit Committee noted the rationale and the benefits of the Scheme, which, *inter-alia*, were as follows:

- (a) The Transferor Company and Transferee Company are under the control of common promoter group. The Transferee Company along with its promoter group of companies are in a position to and do exercise control over the Transferor Company. The Transferor Company and Transferee Company are engaged in the same line of business, i.e., manufacture and sale of ductile iron pipes and both have common economic objective and strategic goals. It would be advantageous to combine the activities and operations in a single company leading to strong capability in effectively meeting future challenges of competitive business environment.
- (b) The Amalgamation will enable both the companies to streamline their business activities into a single combined entity, thereby resulting in economies of scale and avoidance of undue duplication in work, reduction in common expenditure otherwise incurred by the two entities within common group, better and more productive utilization of financial, human and other resource and enhancement of overall business efficiency.
- (c) The Amalgamation will result in significant reduction in multiplicity of legal and regulatory compliances which at present is required to be made separately by the Companies.
- (d) The Amalgamation will result in simplification of the group structure and management structure with only one listed company in group leading to better administration and reduction in administrative and other costs from more focused operational efforts, rationalization, standardization and simplification of business processes.
- (e) The Amalgamation will enable the combined entity to leverage their consolidated resources to: (i) increase production capacities; (ii) undertake research and development initiatives to improve manufacturing processes and final product; (iii) serve the needs of a larger customer base leading to overall business domestically as





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- well as overseas, (v) improved alignment of debt repayments with cash flow, and (iv) improved credit rating.
- (f) The synergies that exist between the two companies in terms of services and resources can be put to the best advantage of all stakeholders.
- (g) The Scheme is envisaged to be in the best interests of the shareholders, employees and the creditors of the Transferor Company and the Transferee Company.

Thus, the Scheme of Amalgamation, as envisaged, would enable seamless access to strong business relationships, closer and better focused attention being given to the businesses which would get integrated, aligned and streamlined, leading to achievement of their full business and growth potential.

The term “Amalgamation” means amalgamation of the Transferor Company with the Transferee Company, on a going concern basis in accordance with Sections 230 to 232 of the Act and Section 2(1B) of the Income-Tax Act, 1961, in terms of Chapter 2 of the Scheme.

- 2.2. The Audit Committee reviewed the Valuation Report submitted (i) jointly by M/s Sharp & Tannan, an Independent Chartered Accountants and R V Shah & Associates, an Independent Chartered Accountants and (ii) by Ms. Rashmi Shah, FCA, Registered Valuer and tabled at the Meeting. The Audit Committee noted that in the Valuation Report, recommended the Share Exchange Ratio for Amalgamation as under:

ECL shall issue its equity shares to the shareholders of SPL, in accordance with a Share Exchange Ratio of 59:10, such that upon this Scheme becoming effective, the shareholders of SPL (except ECL) shall be entitled to receive 59 fully paid up equity shares of Rs 1/- each of ECL for every 10 equity shares in SPL of Rs 10/- each.”

- 2.3. Further, the Audit Committee noted that the Fairness Opinion from Ashika Capital Limited, an Independent SEBI registered Merchant Banker has confirmed that the Share Exchange Ratio as per the Valuation Report (i) jointly issued by M/s Sharp & Tannan, an Independent Chartered Accountants and R V Shah & Associates, an Independent Chartered Accountants and (ii) issued by Ms. Rashmi Shah, FCA, Registered Valuer is fair to the shareholders of the Company.

3. Recommendation of the Audit Committee

The Audit Committee, after taking into consideration the provisions, rationale and benefits of the Scheme along with the Valuation Report, and the Fairness Opinion recommend the draft Scheme to the Board of Directors of the Company for approval and for favorable





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consideration by the Stock Exchange(s) and Securities and Exchange Board of India, National Company Law Tribunal and any other regulatory authority as may be required.

**By Order of the Audit Committee
Srikalahasthi Pipes Limited**

**(G KODANDA PANI)
Secretary to the Audit Committee**

Date: 05.10.2020

Place: Rachagunneri.





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Annexure VI

भारतीय प्रतिस्पर्धा आयोग
COMPETITION COMMISSION OF INDIA

ई-मेल तथा स्पीड पोस्ट द्वारा

संयोजन पंजीकरण सं०: सी-2020/10/778

दिनांक: 14.01.2021

सेवा में,

Ms. Anisha Chand, Partner / Ms. Anmol Awasthi, Associate
Khaitan & Co
10th Floor, Tower-1, One World Centre
841 Senapati Bapat Marg, Mumbai – 400013
Email: anisha.chand@khaitanco.com
anmol.awasthi@khaitanco.com

**विषय: प्रतिस्पर्धा अधिनियम, 2002 की धारा 6 की उप-धारा (2) के अंतर्गत दायर नोटिस:
(पंजीकरण सं०. सी-2020/10/778)**

आयोग ने प्रतिस्पर्धा अधिनियम, 2002 की धारा 6 की उप-धारा (2) के अंतर्गत दायर नोटिस के संबंध में एक आदेश पारित किया है।

2. आदेश की प्रमाणित प्रति एतद्वारा आपकी जानकारी हेतु संलग्न है।
3. कृपया पावती भेजें।

संलग्नक: उपरोक्तानुसार

एस.जी. दास्तदा
सचिव



COMPETITION COMMISSION OF INDIA
(Combination Registration No. C-2020/10/778)

27th November 2020

Notice under Section 6 (2) of the Competition Act, 2002 jointly filed by Electrosteel Castings Limited and Srikalahasthi Pipes Limited

CORAM:

Mr. Ashok Kumar Gupta
Chairperson

Ms. Sangeeta Verma
Member

Mr. Bhagwant Singh Bishnoi
Member

Order under Section 31(1) of the Competition Act, 2002

1. On 19th October 2020, the Competition Commission of India (“**Commission**”) received a notice under Section 6(2) of the Competition Act, 2002 (“**Act**”), jointly filed by Electrosteel Castings Limited (“**ECL**”) and Srikalahasthi Pipes Limited (“**SPL**”). (Hereinafter, ECL and SPL are collectively referred to as the “**Parties**”). The notice has been filed pursuant to the approval of the scheme of amalgamation (**Scheme**) by the Board of Directors of ECL and SPL on 5th October 2020.
2. The proposed combination involves amalgamation of ECL and SPL, whereby SPL will amalgamate with and into ECL, with ECL as the surviving entity (“**Proposed Combination**”).





3. It is stated in the notice that the Parties belong to the Electrosteel Group and are controlled by the same Promoter Group¹. ECL along with the Promoter Group holds 48.15% shareholding in SPL. It is submitted by the Parties that the Proposed Combination is an internal restructuring within the Electrosteel Group and will not result in change in control of either ECL or SPL. Post the Proposed Combination, the combined entity will continue to be controlled by the same Promoter Group.
4. In terms of Regulation 14 of the Competition Commission of India (Procedure in regard to the transaction of business relating to combinations) Regulations, 2011 (“**Combination Regulations**”), a letter, dated 6th November 2020, was issued to the Parties for seeking certain information(s)/ clarification(s); response to the same was received on 11th November 2020.
5. ECL is a publicly listed water infrastructure company incorporated in India. It is stated in the notice that ECL is the ultimate holding company of the Electrosteel Group of Companies. It is engaged in the manufacturing and sale of (a) ductile iron pipes, (b) ductile iron fittings, and (c) cast iron pipes, as its core business. It is stated that ECL also produces (a) pig iron, (b) sponge iron, (c) metallurgical coke, (d) sinter, (e) ferro-silicon, and (f) power, which are used for captive consumption. It is also mentioned that any surplus production of these products is sold in the local market to third parties.
6. SPL (formerly, Lanco Industries Limited) is a publicly listed company, incorporated in India. It is also a part of the Electrosteel Group. It is primarily engaged in the manufacturing and sale of ductile iron pipes in India. Additionally, SPL also manufactures (a) pig iron, (b) cement, (c) lamcoke, (d) sinter, (e) ferro-silicon, and (f) power for captive consumption, any surplus production of which is sold in the local market to third parties.
7. It is stated in the notice that the business activities of the Parties horizontally overlap in the market for ductile iron pipes in India. Further, an overlap is also noted in products produced during the process of manufacturing ductile iron pipes such as (a) pig iron, (b)

¹ The common Promoter Group comprises the companies: (i) Murari Investment & Trading Company Ltd., (ii) G. K. & Sons Private Ltd., (iii) Uttam Commercial Company Ltd., and (iv) G. K. Investments Limited (Promoter Group Entities).





- coke, (c) sinter, (d) ferro-silicon, and (e) power. As regards the overlapping products produced during the process of manufacturing ductile iron pipes, the Parties have submitted that sinter and power are captively consumed by SPL. Further, it is stated that these surplus products are not produced with the objective of monetisation or commercialisation by Parties. Only a miniscule surplus production of pig iron, coke and ferro-silicon is sold in the market.
8. Considering that the Proposed Combination is not likely to cause an appreciable adverse effect on competition in any of the possible alternative relevant markets, the Commission decided to leave the delineation of the relevant market open.
9. In relation to vertical relationship, the Parties have submitted that there are no existing vertical relationships or supply arrangements between Parties (including promoter group entities) as both ECL and SPL are not engaged in any activity relating to the production, supply, distribution, storage, sale and service or trade in products or provision of services which are at different stages or levels of the production chain. Further, it is noted that the potential vertical relationships due to the surplus sales of intermediate products produced by the Parties are miniscule and insignificant. Thus, the Parties do not have ability or incentive to foreclose the competition in the relevant markets.
10. Based on the information submitted by the Parties, it is noted that the pre-combination and post-combination market share of Electrosteel Group (through ECL and SPL) in the market for manufacture of ductile iron pipes is [30-35] per cent. Further, ductile iron pipes market is characterised by the presence of many established players such as Jindal Saw, Tata Metaliks, Jai Balaji, Rashmi Metaliks, Sathavahana Ispat, Electrotherm, etc. In relation to overlaps in (a) pig iron, (b) coke, and (d) ferro-silicon, it is noted that the presence of Parties is insignificant to raise any competition concern in these product segments in India.
11. Further, based on the submissions of the Parties, it is noted that both ECL and SPL are part of the Electrosteel Group and do not compete with each other and that the Proposed Combination will not result in the entry or elimination of any market player. The Commission noted that the competition dynamics in the market in which the Parties





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Combination Registration No. C-2020/10/778

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- operate will not change post-combination. Hence, the Proposed Combination is not likely to raise any competition concern in India.
12. Considering the facts on record, details provided in the notice given under sub-section (2) of Section 6 of the Act and assessment of the proposed combination on the basis of factors stated in sub-section (4) of Section 20 of the Act, the Commission is of the opinion that the proposed combination is not likely to have an appreciable adverse effect on competition in India, and therefore, the Commission, hereby, approves the same under sub-section (1) of Section 31 of the Act.
13. This order shall stand revoked if, at any time, the information provided by the Parties is found to be incorrect.
14. The information provided by the Parties shall be treated as confidential in terms of and subject to provisions of Section 57 of the Act.
15. The Secretary is directed to communicate to the Parties accordingly.



Certified True Copy

Anil Kumar Vashisht
13/1/2021

अनिल कुमार वशिष्ठ/Anil Kumar Vashisht
सहायक निदेशक/Asstt. Director
भारतीय प्रतिस्पर्धा आयोग
Competition Commission of India
नई दिल्ली/New Delhi

**NATIONAL COMPANY LAW TRIBUNAL
AMARAVATI BENCH
(Video Conference)**

PRESENT: HON'BLE SHRI BHASKARA PANTULA MOHAN – MEMBER JUDICIAL

ATTENDANCE-CUM-ORDER SHEET OF THE HEARING HELD ON 30.04.2021 AT 11.30 PM

TRANSFER PETITION NO.	
COMPANY PETITION/APPLICATION NO.	CA(A) Merger & Amalgamation/4/230/AMR/2021
NAME OF THE COMPANY	Srikalahasthi Pipes Ltd (Transferor Co.) & Electrostell Castings Ltd (Transferee Co.)
NAME OF THE PETITIONER(S)	
NAME OF THE RESPONDENT(S)	
UNDER SECTION	230

Counsel for Petitioner(s):

Ries

Name of the Counsel(s)	Designation	E-mail & Telephone No.	Signature

Counsel for Respondent(s):

Ries

Name of the Counsel(s)	Designation	E-mail & Telephone No.	Signature

ORDER

CA (A) Merger & Amalgamation No.4/230/AMR/2021 is allowed. Order pronounced vide separate sheets.



MEMBER JUDICIAL

CA (A) Merger & Amalgamation No.4/230/AMR/2021

**BEFORE THE NATIONAL COMPANY LAW TRIBUNAL,
AMARAVATI BENCH
AT HYDERABAD**

CA (A) Merger & Amalgamation No.4/230/AMR/2021

In the matter of Section 230 to 232 of the Companies Act, 2013

AND

In the matter of Scheme of Amalgamation of **SRIKALAHASTHI PIPES LIMITED**, the Transferor Company (having its registered office In Andhra Pradesh) with **ELECTROSTEEL CASTINGS LIMITED**, the Transferee Company (having its registered office in Odisha)

Srikalahasthi Pipes Limited

having its Registered Office at
Rachagunneri Village, Srikalahasthi Mandal,
Chittoor District,
Andhra Pradesh – 517641.

... Applicant/Transferor Company

Date of Pronouncement of Order 30.04.2021**Coram:**

Mr. Bhaskara Pantula Mohan, Hon'ble Member (Judicial)

Parties present:

For the Applicant: Mr. D.N. Sharma and Mr. Shounak Mitra
Advocates along with Mr R. Ramakrishna Gupta,
PCS

Per: Bhaskara Pantula Mohan, Member (Judicial)**ORDER**

1. The present Company Application filed under Sections 230 to 232 of the Companies Act, 2013 read with the Companies (Compromises, Arrangements and Amalgamation) Rules, 2016 seeking permission to convene the meetings of the Equity Shareholders, Secured and Unsecured Creditors of the Applicant/Transferor Company for consideration of the Scheme of Amalgamation (the Scheme for short)

- of the Srikalahasthi Pipes Limited (Transferor Company) with Electrosteel Castings Limited (Transferee Company). Further, prayed that service of individual notice to Unsecured Creditors of the Transfer Company having claims of below Rs.5,00,000/- be dispensed with.
2. The Registered Office of the Applicant/Transferor Company is situated in the State of Andhra Pradesh, whereas, the Registered Office of the Transferee Company is situated in the State of Odisha.
 3. The Applicant/Transferor Company was incorporated as a Public Company on 01.11.1991 under the name Lanco Ferro Limited. Subsequently, the name of the Company changed to Lanco Industries Limited on 06.07.1994. On 29.09.2014, the name of company again changed to Srikalahasthi Pipes Limited. The Authorised Share Capital as on 31.03.2030 is Rs.53,00,00,000/- divided into 5,30,00,000 equity shares of Rs.10/- each. The issued, subscribed and paid up equity share capital is Rs.46,69,84,070/- divided into 4,66,98,407 equity shares of Rs.10/- each. The Transferor Company primarily engaged in the manufacturing and sale of ductile iron pipes in India. Additionally, the Transferor Companies also manufactures (i) superior quality foundry grade pig iron; (ii) Cement; (iii) low ash metallurgical coke (or LAMCOKE); (iv) sinter; (v) Ferro-silicon; and (vi) power for captive consumption.
 4. According to the Applicant Company, the Transferor and Transferee Company are under the control of common promoter group. The Transferee Company along with its promoter group of companies are in a position to and do exercise control over the Transferor Company. The Companies are engaged in the same line of business and both have common economic objective and strategic goals. The present Scheme will enable the companies to streamline their business activities into a single combined entity, thereby resulting in economies of scale and

avoidance of undue duplication in work, reduction in common expenditure otherwise incurred by the two entities within common group, better and more productive utilization of financial, human and other resource and enhancement of overall business efficiency. It will also lead to increase production capacities, to undertake research and development initiatives to improve manufacturing processes and final product, to serve the needs of a larger customer base leading to overall business domestically as well as overseas, to improve alignment of debt repayments with cash flow and to improve credit rating of the Companies.

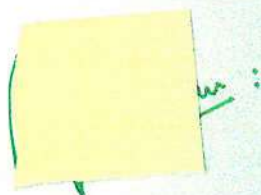
5. The Board of Directors of the Applicant Company in its Board Meetings held on 05.10.2020 has approved the Scheme with appointed date as 01.10.2020, subject to the approval of its shareholders and creditors.
6. No investigation proceedings have been instituted or are pending under the Companies Act, 2013 against the Applicant Company.
7. The **Transferor Company** being a listed Company enclosed the shareholding pattern (Page No.662-667 of the Petition) stating that as on 31.12.2020 there are **37,395** (Thirty Seven thousand three Hundred and Ninety Five) **Equity Shareholders** together holding 4,66,98,407 equity shares.
8. The **Transferor Company** has filed certificate of the Auditor stating that as on 31.12.2020 there are **12** (Twelve) **Secured Creditors** aggregating outstanding value of Rs.466,33,06,394/- of the Transferor Company.
9. The **Transferor Company** has filed certificate of the Auditor stating that as on 31.12.2020 there are **1346** (One Thousand Three Hundred and Forty Six) **Unsecured Creditors** aggregating outstanding value of Rs.154,12,99,876/- of the Transferor Company.

10. Heard the submissions made in this regard by the Counsel for the Applicant Companies and perused the documents filed.
11. With regard to cut off date for determining the eligibility to vote and value of votes shall be 09.06.2021 for the meeting of the Equity Shareholders of **Transferor Company**, this Tribunal passed the following order:-
 - a) A meeting of the **Equity Shareholders** of the **Transferor Company** shall be held on **16.06.2021 at 11.00 AM** through Video Conference/other Audio Visual Means in terms of Ministry of Affairs General Circular No.39/2020 read with Ministry's General Circulars No.14/2020; 17/2020; 22/2020 and No.33/2020 dated 08.04.2020, 13.04.2020, 15.06.2020 and 28.09.2020 respectively, for the purpose of considering and if, thought fit, approving with or without modification(s) the Amalgamation embodied in the Scheme.
 - b) **Mr. V.B. Raju, Advocate** (Mobile No. 9849120947) shall be the **Chairman** of the meeting of the Equity Shareholders and in respect of any adjournment thereof.
 - c) **Mr. A. Kuldeep, PCA** (Mobile No.9008066133) is appointed as the **Scrutinizer** for the meeting of the Equity shareholders and in respect of any adjournment thereof.
 - d) The remuneration of Chairman is fixed at Rs.1,50,000/- (Rupees One Lakh Fifty Thousand only) and remuneration of the scrutinizer is fixed at Rs.75,000/- (Rupees Seventy Five Thousand only) for the aforesaid meeting.
 - e) A meeting of the **Secured Creditors** of the **Transferor Company** shall be held on **16.06.2021 at 1.00 PM** through Video Conference/other Audio Visual Means in terms of Ministry of Affairs General Circular No.39/2020 read with Ministry's General Circulars No.14/2020; 17/2020; 22/2020 and

- No.33/2020 dated 08.04.2020, 13.04.2020, 15.06.2020 and 28.09.2020 respectively, for the purpose of considering and if, thought fit, approving with or without modification(s) the Amalgamation embodied in the Scheme.
- f) A meeting of the **Unsecured Creditors** of the **Transferor Company** shall be held on **16.06.2021 at 2.30 PM** through Video Conference/other Audio Visual Means in terms of Ministry of Affairs General Circular No.39/2020 read with Ministry's General Circulars No.14/2020; 17/2020; 22/2020 and No.33/2020 dated 08.04.2020, 13.04.2020, 15.06.2020 and 28.09.2020 respectively, for the purpose of considering and if, thought fit, approving with or without modification(s) the Amalgamation embodied in the Scheme.
- g) **Mr.Amir Bavani, Advocate** (Mobile No. 9949216962) shall be the **Chairman** of the meetings of the Secured and Unsecured Creditors and in respect of any adjournment thereof.
- h) **Ms. G. Kalpana, PCA** (Mobile No.9962568858) is appointed as the **Scrutinizer** for the meetings of Secured and Unsecured Creditors and in respect of any adjournment thereof.
- i) The remuneration of Chairman is fixed at Rs.1,50,000/- (Rupees One Lakh Fifty Thousand only) on consolidated basis and remuneration of the scrutinizer is fixed at Rs.75,000/- (Rupees Seventy Five Thousand only) on consolidated basis for the aforesaid meeting.
- j) At least one month before the date of the aforesaid meeting, an advertisement about convening of the said meeting, indicating the day, date, time, as aforesaid, shall be published in Business Standard (English daily) and Andhra Bhoomi (Telugu daily). The publication shall indicate the time within which copies of scheme shall be made available to the concerned persons free of

charge from the registered office of the Applicant Company. The publication shall also indicate that the statement required to be furnished pursuant to Section 102 of the Act read with Sections 230 to 232 of the Act and the prescribed form of proxy can be obtained free of charge at the registered office of the Applicant Company or at the office of its Counsel i.e. Mr. R. Ramakrishna Gupta, PCS, Flat No. T 202, Technopolis 1-10-74/B, Chikoti Gardens, Begumbet, Hyderabad – 500 016 in accordance with second proviso to sub-section (3) of Section 230 and Rule 7 of the Companies (CAA) Rules, 2016.

- k) The Chairman appointed for the aforesaid meetings shall issue the advertisements and send out the notices of the meeting referred to above. Permission is granted to send notice to the Shareholders/Secured/Unsecured Creditors through registered post/speed post/registered email ID. The Chairman is free to avail the services of the Applicant Company or any agency for carrying out the aforesaid directions. The Chairman shall have all the powers under the Articles of Association of the Applicant Company and also under the Rules in relation to the conduct of the meeting, including for deciding any procedural questions that may arise at the meeting or adjournment(s) to the aforesaid scheme or resolution, if any, proposed at the aforesaid meeting by any person(s) and to ascertain the decision of the sense of the meeting by ballot/polling paper at the venue of the meeting.
- l) Unsecured creditors of the Transferor company having claims of Rs.5,00,000/- and below are mainly trade creditors representing 79.64% of the total unsecured creditors in number and only 5.8% of the total value of unsecured creditors. As such issuance of individual notice of the Scheme to them will be a meaning less exercise and disproportionate to the time, labour and cost

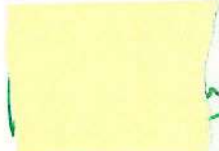


involved and hence the service of individual notices to Unsecured Creditors who have claims of Value of Rs.5,00,000/- and below are dispensed with.

- m) The quorum for the meeting of the Equity Shareholders shall be as per provisions of Section 103 of Companies Act, 2013. The Quorum for the meetings of Secured Creditors and Unsecured Creditors shall be 2 (two) and 20 (twenty) respectively. Attendance at such meetings shall be recorded in the minutes of the meetings instead of taking physical attendance slips. In case the quorum of any meeting is not present within half an hour from the time appointed for the meeting, the shareholders/creditors present shall be deemed to constitute the quorum.
- n) If a Body Corporate chooses to attend and vote by e-voting at the meeting held in Virtual Mode or via remote e-voting, a scanned copy of board resolution/authorisation shall be sent by email to the Scrutinizer.
- o) Voting in the meetings to be held in Virtual Mode shall be by e-Voting only. Further, for the aforesaid meetings of the Equity Shareholders, Secured and Unsecured Creditors of the Applicant Company, facility of voting by remote e-voting shall also be provided during the period from 11.06.2021 (9.00 AM IST) to 15.06.2021 (5.00 PM IST). The facility for remote e-voting shall be disabled at 5.00 PM on 15.06.2021.
- p) The Chairman to file an Affidavit not less than 7 (seven) days before the date fixed for the holding of the meeting and to report to this Tribunal that the directions regarding issuance of notices and advertisement of the meeting have been duly complied with as per Rule 12 of the Companies (CAA) Rules, 2016.



- q) It is further ordered that Chairman shall report to this Tribunal on the result of the meeting in Form No.CAA-4, duly verified by his affidavit, as per Rule 14 of the Companies (CAA) Rules, 2016 within seven working days.
- r) In compliance of sub section(5) of Section 230 of the Act and Rule 8 of the Companies (CAA) Rules, 2016, the Applicant Company shall send notice under sub section (3) of Section 230 read with Rule 6 of the Rules with a copy of the Scheme of Arrangement, the explanatory statement and the disclosures mentioned in Rule 6 to (a) the Central Government through the Regional Director, South Eastern Region; (b) the Registrar of Companies, Telangana; (c) the Income Tax Authorities; and (d) SEBI, BSE and NSE. The said notices be sent either by Registered Post or by Speed Post or by Courier or by Hand Delivery at the Offices of the authorities as required by sub rule (2) of Rule 8 of the Rules. The aforesaid authorities, who desire to make any representation under sub section (5) of section 230 shall send the same to this Tribunal within a period of 30 (thirty) days from the date of receipt of such notice, failing which it shall be deemed that they have no representation to make on the proposed Scheme.
12. With the above directions, the Company Application i.e. CA(A) Merger & Amalgamation No. 4/230/AMR/2021 is disposed of.


BHASKARA PANTULA MOHAN
Member (Judicial)