

To,  
The Board of Directors,  
Electrosteel Castings Limited  
19 Camac Street, G.K.Tower  
Kolkata 700 017

Ref: Independent Auditor's Certificate to confirm that the Accounting Treatment contained in the Draft Scheme of Amalgamation is in conformity with the Accounting Standards prescribed under Section 133 of the Companies Act, 2013

1. We, Singhi & Co., Chartered Accountants, the Statutory Auditors of Electrosteel Castings Limited, (hereinafter referred to as "the Company"/ "the transferee Company" / "ECL"), have examined the proposed accounting treatment as specified in Clause 19 of the Draft Scheme of Amalgamation (hereinafter referred as 'the Draft Scheme') between the Company and Srikalahasthi Pipes Limited (hereinafter referred to as the "Transferor Company" / "SPL") and their respective Shareholders and creditors, with effect from Appointed Date 1<sup>st</sup> October, 2020, pursuant to Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 and the requirements of the SEBI Circular No. CFD/DIL3/CIR/20 17/21 dated 10 March 2017 ("SEBI Circular") issued under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as 'SEBI Regulations'), with reference to its compliance with the applicable Accounting Standards notified under Section 133 of the Companies Act, 2013, read with the rules made there under and other generally accepted accounting principles.


#### Management's Responsibility

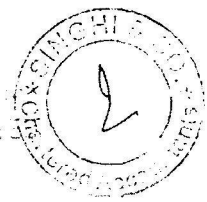
2. The responsibility for the preparation of the Draft Scheme and its compliance with the relevant laws and regulations, including the applicable Accounting Standards read with the rules made there under and other generally accepted accounting principles as aforesaid, is that of the Board of Directors of the Companies involved. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Scheme and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.
3. The Management of the Company is also responsible for ensuring that the Company complies with the requirements of the Companies Act, 2013 and SEBI Regulations and to provide all relevant information to The Securities and Exchange Board of India, BSE Limited and National Stock Exchange of India Limited and the National Company Law Tribunal.

#### Auditor's Responsibility

4. Our responsibility is only to examine and report whether the accounting treatment as specified in Clause 19 of the Draft Scheme referred to above complies with the applicable Accounting Standards, as applicable and Other Generally Accepted Accounting Principles. Nothing contained in this certificate, nor anything said or done in the course of, or in the connection with the services that are subject to this certificate, will extend any duty of care that we may have in our capacity as the statutory auditors to any financial statements of the Company.

CERTIFIED TO BE TRUE COPY  
For ELECTROSTEEL CASTINGS LIMITED

  
Company Secretary



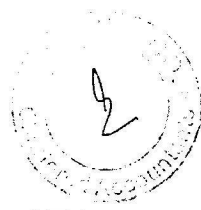
5. A reasonable assurance engagement includes performing procedures to obtain sufficient appropriate evidence on the reporting criteria, mentioned in paragraph 4 above. We have performed the following procedures:  
Obtained the Draft Scheme, read and understood the accounting treatment in the books of the Company as specified in Clause 19 of the Draft Scheme along with applicable Accounting Standards.
6. We conducted our examination of the aforesaid accounting treatment in accordance with the Guidance Note on Reports or Certificates for Special Purposes (Revised 2016), issued by the Institute of Chartered Accountants of India (ICAI), in so far as applicable for the purpose of this certificate. This Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by ICAI.
7. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements. Further our examination did not extend to any other parts and aspects of a legal or proprietary nature in the aforesaid Scheme.

#### Opinion

8. Based on our examination and according to the information and explanations given to us, we confirm that the accounting treatment, as contained in Clause 19 of the Draft Scheme, is in compliance with "SEBI Regulations" and circulars issued thereunder and applicable Accounting Standards, in terms of the provisions of Section 230 and 232 of the Companies Act, 2013, notified by the Central Government under Section 133 of the Companies Act, 2013, read with the rules made there under, and Other Generally Accepted Accounting Principles, as applicable.
9. For ease of references, Clause 19 of the Draft Scheme, duly authenticated on behalf of the Company, is reproduced in Annexure 1 to this Certificate and is initialled by us only for the purposes of identification.

#### Restriction on Distribution and Use

10. This certificate is issued at the request of the Company pursuant to the requirements of SEBI Circular for onward submission by the Company to BSE Limited, National Stock Exchange of India Limited, National Company Law Tribunal and other regulatory authority associated for approval of the Scheme. This Certificate should not be used for any other purpose without our prior written consent. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this certificate is shown or into whose hands it may come without our prior consent in writing.



For Singhi & Co.

Chartered Accountants

Firm Registration No.: 302049E

(Gopal Jain)

Partner

Membership No.: 059147

UDIN: 26059147AAAACW6889

Place: Kolkata

Date: October 5, 2020

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FOR ELECTROSTEEL CASTINGS LIMITED

Company Secretary

# ELECTROSTEEL CASTINGS LIMITED

H.O. : G.K. Tower, 19, Camac Street, Kolkata 700 017, India  
Regd. Office : Rathod Colony, Rajgangpur, Sundergarh, Odisha 770 017  
Tel : +91 83-2283 9900, 7103 4400  
CIN : L27310OR1955PLC000310  
Web : www.electrosteelcastings.com

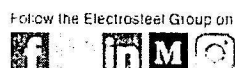
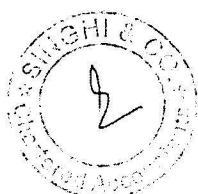


**Annexure 1 to the Auditors' certificate, dated October 5, 2020, on the proposed accounting treatment specified in the Draft Scheme of Amalgamation**

**Relevant extract of "Clause 19 – Accounting Treatment" as per Draft Scheme of Amalgamation between Electrosteel Castings Limited and Srikalahasthi Pipes Limited**

## 19.0 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.



VERIFIED TO BE TRUE COPY  
For ELECTROSTEEL CASTINGS LIMITED

Company Secretary

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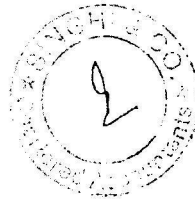
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Regd. Office : Rathod Colony, Rajgangpur, Sundergarh, Odisha 770 017  
Tel : +91 33-2283 9900, 7103 4400  
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- 19.8 The costs and expenses relating to the Scheme shall be accounted for in the profit & 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.

For Electrosteel Castings Limited

Ashutosh Agarwal  
ED (Group Finance) & CFO



CERTIFIED TO BE TRUE  
For ELECTROSTEEL CASTINGS LIMITED

Company Secretary

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