
ELECTROSTEEL CASTINGS (UK) LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

ELECTROSTEEL CASTINGS (UK) LIMITED

COMPANY INFORMATION

Directors

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

Registered number

04057880

Registered office

Ambrose House
Broombank Road
Chesterfield
Derbyshire
S41 9QJ

Independent auditor

Grant Thornton UK LLP
Chartered Accountants & Statutory Auditor
Royal Liver Building
Liverpool
L3 1PS

Bankers

Barclays Bank Plc
121 Norfolk Street
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S1 2JW

Solicitors

BRM Solicitors
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99 Saltergate
Chesterfield
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ELECTROSTEEL CASTINGS (UK) LIMITED

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ELECTROSTEEL CASTINGS (UK) LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2024

Introduction

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

Principal activity

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

Business review

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

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

10.36% of sales were generated via contracts in Europe.

The risks and opportunities for the business lie in existing long term Framework Contracts coming up for renewal, and Frameworks not currently held coming out for negotiation. However, this is very much mitigated for 24/25 as the vast majority of Utility Framework negotiations were completed during previous years.

Our sales predictions for 2024/25 are projected to be similar to previous year, as activity is expected to remain consistent.

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

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

Principal risks and uncertainties

Competition

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

Raw materials and shipping

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

Financial risk management objectives and policies

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

ELECTROSTEEL CASTINGS (UK) LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2024**

Interest rate risk

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

Liquidity risk

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

Credit risk

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

Foreign currency risk

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

Key performance indicators

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

	2024	2023
Sales per employee (£)	575,405	435,135
Profit before tax per employee (£)	48,411	21,137
General Production overheads	7.91%	9.79%
Delivered in full and on time	99%	99%

This report was approved by the board on 30/4/2024 and signed on its behalf.

Stewart Bailie

Mr S Bailie
Director

ELECTROSTEEL CASTINGS (UK) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2024

The directors present their report and the financial statements for the year ended 31 March 2024.

Results and dividends

The profit for the year, after taxation, amounted to £2,019,000 (2023: £780,000).

The directors did not recommend the payment of dividend in the year (2023: £Nil).

Directors

The directors who served during the year were:

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

Directors' Responsibilities Statement

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Going concern

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

The company has committed funding arrangements from its bank and has the support of its parent company together with good relationships with its customers and suppliers. As a result of the above and having reviewed forecasts to May 2025, the directors do not believe that there are any material uncertainties which cast significant doubt on the ability of the company to continue as a going concern.

ELECTROSTEEL CASTINGS (UK) LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2024**

Disclosure of information to auditor

The directors confirm that:

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

Auditor

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

This report was approved by the board on 30/4/2024 and signed on its behalf.

Stewart Bailie

Mr S Bailie
Director



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

Opinion

We have audited the financial statements of Electrosteel Castings (UK) Limited (the 'company') for the year ended 31 March 2024, which comprise the Statement of Income and Retained Earnings, the Balance Sheet and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- the financial statements give a true and fair view of the state of the company's affairs as at 31 March 2024 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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



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

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

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

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

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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



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

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

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

Matters on which we are required to report by exception

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

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

Responsibilities of directors

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

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



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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

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

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

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



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

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

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

Use of our report

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



Gareth Hitchmough BSc FCA
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Liverpool
Date: 30/4/2024

ELECTROSTEEL CASTINGS (UK) LIMITED

**STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED 31 MARCH 2024**

	Note	2024 £000	2023 £000
Turnover	4	32,222	20,016
Cost of sales		(24,035)	(15,677)
Gross profit		8,187	4,339
Distribution costs		(2,179)	(1,585)
Administrative expenses		(2,708)	(2,019)
Other operating income	5	-	568
Operating profit	6	3,300	1,303
Interest payable	10	(590)	(332)
Profit before tax		2,710	971
Tax on profit	11	(691)	(191)
Profit after tax		2,019	780
Retained earnings at the beginning of the year		1,703	923
Profit for the year		2,019	780
Retained earnings at the end of the year		3,722	1,703

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

ELECTROSTEEL CASTINGS (UK) LIMITED
REGISTERED NUMBER:04057880

BALANCE SHEET
AS AT 31 MARCH 2024

	Note	2024 £000	2023 £000
Fixed assets			
Tangible assets	12	457	334
Current assets			
Stocks	13	13,478	12,903
Debtors: amounts falling due within one year	14	8,190	5,007
Cash at bank and in hand	15	444	611
		<u>22,112</u>	<u>18,521</u>
Creditors: amounts falling due within one year	16	(17,686)	(16,008)
Net current assets		<u>4,426</u>	<u>2,513</u>
Total assets less current liabilities		<u>4,883</u>	<u>2,847</u>
Provisions for liabilities			
Deferred tax	17	(61)	(44)
		<u>(61)</u>	<u>(44)</u>
Net assets		<u><u>4,822</u></u>	<u><u>2,803</u></u>
Capital and reserves			
Called up share capital	19	1,100	1,100
Profit and loss account	18	3,722	1,703
		<u>4,822</u>	<u>2,803</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 30/4/2024

Stewart Bailie

Mr S Bailie
Director

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

ELECTROSTEEL CASTINGS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

1. General information

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

2. Accounting policies

2.1 Basis of preparation of financial statements

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

The company's financial statements are presented in Sterling and all values are rounded to the nearest thousand pounds (£000) except when otherwise stated.

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

The following principal accounting policies have been applied:

2.2 Financial Reporting Standard 102 - reduced disclosure exemptions

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

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Electrosteel Castings Limited as at 31 March 2024 and these financial statements may be obtained from the parent company's website at www.electrosteel.com.

2.3 Going concern

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

The company has committed funding arrangements from its bank and has the support of its parent company, together with good relationships with its customers and suppliers. As a result of the above, and having reviewed forecasts to May 2025, the directors do not believe that there are any material uncertainties which may cast significant doubt on the ability of the company to continue as a going concern and have therefore continued to prepare the financial statements on the going concern basis.

ELECTROSTEEL CASTINGS (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024**

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

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

Sale of goods

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

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

2.5 Tangible fixed assets

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

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

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

Depreciation is provided on the following bases:

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

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

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

ELECTROSTEEL CASTINGS (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024**

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

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

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

2.7 Stocks

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

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

2.8 Debtors

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

2.9 Cash and cash equivalents

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

ELECTROSTEEL CASTINGS (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024**

2. Accounting policies (continued)**2.10 Financial instruments**

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

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

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

Basic financial assets

Basic financial assets, which include trade and other receivables, cash and bank balances, are initially measured at their transaction price including transaction costs and are subsequently carried at their amortised cost using the effective interest method, less any provision for impairment, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

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

Other financial assets

Other financial assets, which includes investments in equity instruments which are not classified as subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the recognised transaction price. Such assets are subsequently measured at fair value with the changes in fair value being recognised in the profit or loss. Where other financial assets are not publicly traded, hence their fair value cannot be measured reliably, they are measured at cost less impairment.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each reporting date.

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

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

ELECTROSTEEL CASTINGS (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024**

2. Accounting policies (continued)**2.10 Financial instruments (continued)****Financial liabilities**

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

Basic financial liabilities, which include trade and other payables, bank loans and other loans are initially measured at their transaction price after transaction costs. When this constitutes a financing transaction, whereby the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Discounting is omitted where the effect of discounting is immaterial.

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

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

Other financial instruments

Derivatives, including forward exchange contracts, futures contracts and interest rate swaps, are not classified as basic financial instruments. These are initially recognised at fair value on the date the derivative contract is entered into, with costs being charged to the profit or loss. They are subsequently measured at fair value with changes in the profit or loss.

Debt instruments that do not meet the conditions as set out in FRS 102 paragraph 11.9 are subsequently measured at fair value through the profit or loss. This recognition and measurement would also apply to financial instruments where the performance is evaluated on a fair value basis as with a documented risk management or investment strategy.

Derecognition of financial assets

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

Derecognition of financial liabilities

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

ELECTROSTEEL CASTINGS (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024**

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

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.12 Foreign currency translation**Functional and presentation currency**

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

Transactions and balances

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

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

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

2.13 Finance costs

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

2.14 Pensions**Defined contribution pension plan**

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

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

2.15 Borrowing costs

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

ELECTROSTEEL CASTINGS (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024**

2. Accounting policies (continued)**2.16 Current and deferred taxation**

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

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

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

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

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

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

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

Stock provisioning

The company is engaged in the supply of ductile iron pipes, fittings and ancillaries and it is therefore necessary to consider the recoverability of the cost of inventory and the associated provisioning required. When calculating the inventory provision, management considers the nature and condition of the inventory, as well as applying assumptions around anticipated saleability. See note 13 for the net carrying amount of the inventory and associated provision.

Useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 12 for the carrying amount of tangible fixed assets and note 2.5 for the useful economic lives for each class of assets.

ELECTROSTEEL CASTINGS (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024**

4. Turnover

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

Analysis of turnover by country of destination:

	2024	<i>2023</i>
	£000	<i>£000</i>
United Kingdom	28,884	<i>15,511</i>
Rest of Europe	3,338	<i>4,505</i>
	32,222	<i>20,016</i>

5. Other operating income

	2024	<i>2023</i>
	£000	<i>£000</i>
Refund of Anti Dumping Duty costs	-	<i>568</i>

The company has received £Nil during the year in respect of agreed refunds of certain costs incurred during the years ended 31 March 2019 and 2020.

6. Operating profit

The operating profit is stated after charging:

	2024	<i>2023</i>
	£000	<i>£000</i>
Depreciation of tangible fixed assets	108	<i>73</i>
Depreciation on tangible fixed assets held under finance leases and hire purchase contracts	-	<i>7</i>
Exchange differences	3	<i>36</i>
Other operating lease rentals	157	<i>122</i>

ELECTROSTEEL CASTINGS (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024**

7. Auditor's remuneration

	2024	<i>2023</i>
	£000	<i>£000</i>
Fees payable to the company's auditor for the audit of the company's annual financial statements	36	<i>35</i>
	<u>36</u>	<u><i>35</i></u>
Fees payable to the company's auditor in respect of:		
Taxation compliance services	4	<i>3</i>
Accounting services	3	<i>4</i>
	<u>7</u>	<u><i>7</i></u>
	<u>7</u>	<u><i>7</i></u>

8. Employees

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

	2024	<i>2023</i>
	£000	<i>£000</i>
Wages and salaries	1,992	<i>1,364</i>
Social security costs	204	<i>160</i>
Cost of defined contribution scheme	139	<i>114</i>
	<u>2,335</u>	<u><i>1,638</i></u>
	<u>2,335</u>	<u><i>1,638</i></u>

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

	2024	<i>2023</i>
	No.	<i>No.</i>
Manufacturing	17	<i>15</i>
Selling and administration staff	39	<i>31</i>
	<u>56</u>	<u><i>46</i></u>
	<u>56</u>	<u><i>46</i></u>

ELECTROSTEEL CASTINGS (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024**

9. Directors' remuneration

	2024	<i>2023</i>
	£000	<i>£000</i>
Directors' emoluments	294	<i>211</i>
Company contributions to defined contribution pension schemes	27	<i>26</i>
	<u>321</u>	<u><i>237</i></u>
	<u><u>321</u></u>	<u><u><i>237</i></u></u>

During the year retirement benefits were accruing to 2 directors (*2023: 2*) in respect of defined contribution pension schemes. Contributions to defined contribution pension schemes in respect of the highest paid director were £15,936 (*2023: £15,000*).

The highest paid director received remuneration of £193,837 (*2023: £125,000*).

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

10. Interest payable

	2024	<i>2023</i>
	£000	<i>£000</i>
Bank interest payable	589	<i>330</i>
Other loan interest payable	1	<i>2</i>
	<u>590</u>	<u><i>332</i></u>
	<u><u>590</u></u>	<u><u><i>332</i></u></u>

ELECTROSTEEL CASTINGS (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024**

11. Taxation

	2024	<i>2023</i>
	£000	<i>£000</i>
Corporation tax		
Current tax on profits for the year	674	<i>171</i>
	674	<i>171</i>
Deferred tax		
Origination and reversal of timing differences	17	<i>15</i>
Remeasurement of deferred tax for changes in tax rates	-	<i>5</i>
	17	<i>20</i>
Total deferred tax	17	<i>20</i>
Taxation on profit on ordinary activities	691	<i>191</i>

Factors affecting tax charge for the year

The tax assessed for the year is higher than (*2023: higher than*) the standard rate of corporation tax in the UK of 25% (*2023: 19%*). The differences are explained below:

	2024	<i>2023</i>
	£000	<i>£000</i>
Profit on ordinary activities before tax	2,711	<i>971</i>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 25% (<i>2023: 19%</i>)	678	<i>184</i>
Effects of:		
Fixed asset differences	9	<i>2</i>
Expenses not deductible for tax purposes	4	<i>-</i>
Remeasurement of deferred tax for changes in tax rates	-	<i>5</i>
Total tax charge for the year	691	<i>191</i>

ELECTROSTEEL CASTINGS (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024**

11. Taxation (continued)

Factors that may affect future tax charges

The Finance Act 2021 was substantively enacted in May 2021 and has increased the corporation tax rate from 19% to 25% with effect from 1 April 2023 on profits over £250,000. The rate for small profits under £50,000 will remain at 19%. When the company's profits fall between £50,000 and £250,000, the lower and upper limits, it will be able to claim an amount of marginal relief providing a gradual increase in corporation tax rate. The deferred taxation balances have been measured using the rates expected to apply in the reporting periods when the timing differences reverse.

12. Tangible fixed assets

	Freehold property £000	Plant & machinery £000	Motor vehicles £000	Fixtures & fittings £000	Computer equipment £000	Total £000
Cost						
At 1 April 2023	361	653	49	200	360	1,623
Additions	126	86	-	28	11	251
Disposals	-	-	(49)	-	-	(49)
At 31 March 2024	<u>487</u>	<u>739</u>	<u>-</u>	<u>228</u>	<u>371</u>	<u>1,825</u>
Depreciation						
At 1 April 2023	192	579	24	159	335	1,289
Charge for the year on owned assets	36	47	5	7	13	108
Disposals	-	-	(29)	-	-	(29)
At 31 March 2024	<u>228</u>	<u>626</u>	<u>-</u>	<u>166</u>	<u>348</u>	<u>1,368</u>
Net book value						
At 31 March 2024	<u>259</u>	<u>113</u>	<u>-</u>	<u>62</u>	<u>23</u>	<u>457</u>
At 31 March 2023	<u>169</u>	<u>74</u>	<u>25</u>	<u>41</u>	<u>25</u>	<u>334</u>

The net book value of assets held under finance or hire purchase contracts, included above, is £Nil (2023: £25,445). Included within the depreciation above is £Nil (2023: £7,245) relating to depreciation on assets held under finance leases or hire purchase contracts.

Freehold land is not depreciated.

ELECTROSTEEL CASTINGS (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024**

13. Stocks

	2024	<i>2023</i>
	£000	<i>£000</i>
Finished goods and goods for resale	13,478	<i>12,903</i>
	=====	<i>=====</i>

Stocks are stated after provision for impairment of £18,879 (*2023: £20,000*).

Stock recognised in cost of sales in the year as an expense was £13,478 (*2023: £12,902*).

14. Debtors

	2024	<i>2023</i>
	£000	<i>£000</i>
Trade debtors	8,080	<i>4,566</i>
Amounts owed by group undertakings	-	<i>72</i>
Other debtors	12	<i>326</i>
Prepayments and accrued income	98	<i>43</i>
	=====	<i>=====</i>
	8,190	<i>5,007</i>
	=====	<i>=====</i>

Trade debtors are stated after provision for impairment of £Nil (*2023: £Nil*).

15. Cash and cash equivalents

	2024	<i>2023</i>
	£000	<i>£000</i>
Cash at bank and in hand	444	<i>611</i>
	=====	<i>=====</i>

ELECTROSTEEL CASTINGS (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024**

16. Creditors: Amounts falling due within one year

	2024	<i>2023</i>
	£000	<i>£000</i>
Bank loans	-	2,159
Stock and invoice financing	7,215	5,145
Trade creditors	1,136	619
Amounts owed to group undertakings	6,574	7,584
Corporation tax	668	130
Other taxation and social security	917	38
Obligations under finance lease and hire purchase contracts	-	26
Other creditors	17	20
Accruals	1,159	287
	17,686	<i>16,008</i>

Amounts due to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

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

A bank loan was taken out with ICICI Bank UK Plc for £3,250,000 dated 28 March 2015. Interest is charged at a rate of 5.95%. This loan was repaid in full on 15 March 2024.

Obligations under finance leases and hire purchases contracts are secured on the related assets.

ELECTROSTEEL CASTINGS (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024**

17. Deferred taxation

	2024	<i>2023</i>
	£000	<i>£000</i>
At beginning of year	44	24
Charged to the profit or loss (note 11)	17	20
At end of year	61	<i>44</i>

The provision for deferred taxation is made up as follows:

	2024	<i>2023</i>
	£000	<i>£000</i>
Fixed asset timing differences	64	47
Short term timing differences	(3)	(3)
	61	<i>44</i>

18. Reserves

Profit & loss account

Includes all current and prior period retained profits and losses.

19. Share capital

	2024	<i>2023</i>
	£000	<i>£000</i>
Authorised, allotted, called up and fully paid		
1,100,000 (<i>2023: 1,100,000</i>) Ordinary shares of £1.00 each	1,100	<i>1,100</i>

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

20. Capital commitments

There were no capital commitments at 31 March 2024 or 31 March 2023.

ELECTROSTEEL CASTINGS (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024**

21. Pension commitments

The company participates in a money purchase pension scheme in respect of its directors, staff and employees. The assets of the scheme are held separately from those of the company in independently administered funds. The pension cost charge represents contributions payable by the company to the scheme and amounted to £139,000 for the year (2023: £114,000).

22. Commitments under operating leases

At 31 March 2024 the company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2024	<i>2023</i>
	£000	<i>£000</i>
Not later than 1 year	7	<i>10</i>
Later than 1 year and not later than 5 years	418	<i>115</i>
	425	<i>125</i>
	425	<i>125</i>

23. Related party transactions

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

24. Controlling party

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