

Board's Report

1.00 The Board hereby presents its Report for the year ended 31st March 2021.

2.00 FINANCIAL SUMMARY:

Particulars		(₹ in lakhs)	
		As at 31.03.2021	As at 31.03.2020
I.	ASSETS:		
	Fixed Assets	49,124.73	52,626.31
	Other Non-Current Assets	39,909.98	31,898.18
	Current Assets	389,696.74	358,803.45
	Total	478,731.45	443,327.94
II.	EQUITY AND LIABILITIES:		
	Shareholders' Funds	167,458.72	147,050.92
	Non-Current Liabilities	37,419.88	24,891.01
	Current Liabilities	273,852.85	271,386.01
	Total	478,731.45	443,327.94

Particulars		For the year ended	
		31.03.2021	31.03.2020
III.	Revenue From Operations	430,960.60	489,370.87
	Other Income	3,560.96	1,858.09
	Total Revenue	434,521.56	491,228.96
IV.	Total Expenses	406,067.86	470,482.39
V.	Profit/(Loss) Before Tax	28,453.70	20,746.57
VI.	Tax Expenses including Deferred Tax	6,630.69	5,437.05
VII.	Profit/(Loss) After Tax	21,823.01	15,309.52
VIII.	Other Comprehensive Income/(Expense)	55.38	27.50
IX.	Balance carried to Profit and Loss Account	21,878.39	15,337.02
X.	Basic/ Diluted Earnings per Share of ₹ 1/- each (in ₹)	29.68	20.82

3.00 DIVIDEND:

3.01 In the month of February 2021, the Company declared an Interim Dividend of ₹ 2/- per equity share of ₹ 1/- each, which has been disbursed. Your Directors are pleased to recommend a Final Dividend of ₹ 1/- per equity share of ₹ 1/- each. Total Dividend (inclusive of the interim and final dividend) will be ₹ 3/- per equity share of ₹ 1/- each for the year ended March 31, 2021. The Final Dividend, if approved and declared in the forthcoming Annual General Meeting, will result in a total outflow of ₹ 735.29 lakh.

4.00 STATE OF COMPANY AFFAIRS AND OPERATIONS, INCLUDING MANAGEMENT DISCUSSION & ANALYSIS:

4.01 As stated in last year's Board Report, the business of the Company was affected due to lockdown from the last week of March 2020 till May 2020.

4.02 After the lockdown was lifted, the overall demand trends were encouraging. Many new orders were booked from sectors such as Railways, Power (Boilers, Air Pollution Control, Waste to Energy), Water, Process Industry, Construction, Fertilizer, Cement, Refinery, Steel, Sugar, Ethanol Plant, Chemicals, Food, Oil & Gas, Renewables, Automotive, Aeronautics, Refractory, Mining, Soda Ash, Paper, and Tool & Die. Order booking during the year was 27% higher than the order booking in the preceding year.

4.03 The Revenue and Profits are ₹ 4,345 crore and ₹ 218 crore respectively, as compared to ₹ 4,912 crore and ₹ 153 crore respectively in the preceding year.

4.04 There is a shortfall in revenue as a result of the lockdowns.



4.05 In spite of a lower turnover, profitability is higher due to savings in various costs, i.e. legal expenses, employee costs, travel expenses, as well as increased efficiency, including the use of technological solutions.

COVID-19:

4.06 In last year’s Board Report, details were stated of the adverse effects of the Covid-19 pandemic on the businesses of the Company and measures taken by the Company to minimize the risks. The steps included, employees working from home, strengthening of the IT system, sending communication to customers with reference to force majeure, improvement in activities to save costs, such as value engineering, review of designs, standardization of equipment, and training through webinars.

4.07 Even after lifting of the lockdown, the Company continues to comply with social distancing norms and other health and safety measures in all the factories and offices. In order to ensure social distancing, some of the employees continued to work from home.

4.08 As a safeguard, regular diagnostic tests were conducted across all locations. Vaccination drives for employees and their spouses, as per guidelines of the Government, have also been organized. It was ensured that no employee was denied hospital treatment because of financial constraints.

4.09 In addition, the Company has taken a Life Term Insurance Policy for all the employees. Under the Policy, in case of death of an employee, the nominee is paid 36 months’ Basic Salary plus DA.

4.10 During the year under report, the working and operations, which were affected till the second quarter of the year, normalized to a large extent from the third quarter. Factories were running with almost full capacity utilization. Attendance in offices also started getting normal. Site operations progressively became satisfactory and there was no major labour crisis at sites.

4.11 As stated in last year’s Board Report, in the wake of the Covid-19 pandemic related disruptions, the Company had imposed a salary cut for all the employees drawing an annual compensation above ₹ 8 lakhs. During the year, salaries were progressively restored.

4.12 With the onslaught of the second wave of Covid-19, since the last few months, working has again been adversely affected. Factories were running normally until the third week of April 2021 and, in spite of there

being a few Covid positive cases, there was no shortage of labour. However, there was a shortfall in production because of non-availability of oxygen and argon gas. The availability of oxygen and argon has normalized from 1st June 2021.

4.13 As regards the EPC business, which has offices in Pune, Noida and Chennai, these were closed for 4 to 6 weeks in April and May 2021. During this period all employees started working from home. Productivity was adversely affected due to this and also because many employees and members of their families tested Covid positive.

4.14 All project sites were operational but considering the fear and panic all around, retention of existing manpower of contractors became a challenge. Some difficulties were also experienced in resource mobilization such as tying up with testing agencies and procuring tools and cranes. Supervision of erection and commissioning was also adversely affected due to some of the engineers being Covid positive. The working at project sites is improving with the gradual return of migrant labour.

4.15 The situation both, in the factories as well as in the offices, has also started improving in June 2021. To ensure continued social distancing, the offices in Pune, Noida, and Chennai have started with attendance ranging from 20% to 40% on a rotational basis. The employees not coming to office are working from home.

4.16 Our vendors too faced a lot of difficulty. Lockdowns across many states, scarcity of manpower, as well as shortage of oxygen supply adversely impacted their working. However, normalcy is returning now.

4.17 All travel has been suspended, barring in exceptional circumstances.

4.18 We continue to closely monitor the economic developments and repercussions related to Covid-19 and their implications on the Company. Though the future impact of the pandemic on our business cannot be reliably predicted at this time, we are hopeful that learnings from our experience of last year will be very useful and we will be able to tide over the situation. Billing and revenue will, however, be adversely affected in the quarter ending 30th June 2021.

4.19 As for the current year, order booking continues to be satisfactory, both in the Engineering, Procurement, and Construction (EPC) Segment as well as the Manufacturing Segment. As stated above, working during the first quarter ending 30th June 2021, has been affected due to the second wave of Covid. With

the improvement in the situation, things may balance out in subsequent quarters.

4.20 Apart from Covid-19, margins continue to be adversely affected due to steep increase in commodity (steel, copper, aluminum, and nickel) prices. About 45% of our orders in hand (PSU customers) have a steel price variation clause and the price increase can be passed on to these customers. For the rest of the orders, contingency margin kept on cost may not be enough to cover the increase. Steps are being taken to analyze and minimize the effect.

4.21 TECHNOLOGY:

- (i) We have added to our repertoire of Air Pollution Control Technologies by signing a Licensing Agreement with BHIFW, USA for TLN Technology which would enable the implementation of Combustion System Modifications in Tangential Fired Utility Boilers firing coal in Thermal Power Plants to reduce NOx emission as per Environment Regulations in India. Our executives have undergone training with BHIFW to understand and implement the technology.
- (ii) Our own technologists and engineers continue to make several innovations.
- (iii) We have developed innovative know-how for SO2 emission reduction from Captive Power Plants in Steel Mills using Coal Fired Utility Boiler through parallel operation of a Blast Furnace Gas Fired Boiler with Coal Fired Boiler to feed steam to a single turbine for Power Generation.
- (iv) We received a Patent for a Self-Sharpener Shredder Hammer Tip, as well as a Design Registration for Leak Proof Economical Valve with Taper Wedge Safety Lock for our Sugar Plants & Machinery business.
- (v) We have developed and commissioned a Pan Station for White Plantation Sugar Plant where all Pans are of Vertical Continuous type and have an in-built Graining Pan. This positively impacts the efficiency of the plant. We have also developed a number of equipment for Sugar Plants through in-house design, which include Horizontal Continuous Pan, Fibrizer, Sand Catcher, and Induction Hardened Crown Pinions. All these help in improving the working of the mills, reducing energy consumption, and improving sugar quality.
- (vi) We have acquired technology for manufacturing 250 & 500 Litres per Minute (LPM) Medical Oxygen Plants (original technology from DRDO).

(vii) The company has also invested in new software in order to improve efficiency of products, and to enable remote working.

EXPORTS:

- 4.22 The export revenue during the year was lower at ₹ 645 crore against ₹ 1,170 crore in the preceding year. This was because some of the projects for which orders were received did not become effective as the clients and their lenders were forced to revisit or delay the project due to Covid-19.
- 4.23 Export order booking was also lower as there was no international travel by our export team or by our prospective clients to India, for the entire financial year. Also, scheduled exhibitions were either postponed or suspended.
- 4.24 In spite of these limitations, focus on export marketing continued during the year through the use of electronic media and online marketing. Videos and emails were sent to prospective customers and virtual meetings and webinars were held.
- 4.25 The enquiry position as on date is good. Foreign economies are beginning to open up and export orders have started trickling in.

BUSINESS DEVELOPMENT:

- 4.26 Our efforts to make in-roads into the Defence sector continued and the Company got approved by the Goa Shipyard Ltd. for a major equipment required by the Indian Navy i.e. Ship Damage Control Simulator. Only two companies in India are qualified for this equipment.
- 4.27 During the year we made headway with one of the major multinational defence equipment manufacturers and have received an enquiry from them pertaining to a naval equipment. More enquiries are expected pertaining to artillery from the same manufacturer.
- 4.28 Major disruptions are expected on the Energy Sector front. Significant ones being, reduction in crude import bill, increased dependence on domestically produced Methanol for various downstream chemicals, and focus on net zero mission of the developed world. Considering these trends, we have identified futuristic areas related to renewables, green energy, and petrochemicals & chemicals for diversification, and shortlisted some new products for discussions with technology licensors.



ENGINEERING, PROCUREMENT, AND CONSTRUCTION (EPC) SEGMENT:

- 4.29 EPC Segment covers the setting up of Projects for Boilers, Air Pollution Control Equipment including Flue Gas Desulfurization (FGD) Systems, Sugar Plants & Machinery, Distilleries for Ethanol, Power Plants, Construction of Factories, Material Handling Systems, Industrial Wastewater Treatment & Recycling, and Civil Infrastructure.
- 4.30 Both turnover and profit were only marginally less as compared to the preceding year. However, profitability improved as a result of various steps taken to reduce costs and improve productivity.
- 4.31 During the year, after an initial setback due to Covid-19, the Company bagged good orders from Cement, Refinery, Steel, Distillery, Chemicals, Sugar, Food, Oil & Gas, Railways, Air Pollution Control, Power, and Renewable Energy sectors.
- 4.32 We also ventured into a new field of providing remotely managed e-Services for Plant Operation, Maintenance, Troubleshooting, and Commissioning.
- 4.33 We successfully executed a project involving Combustion Modification on a 150 MW Tangentially Fired Boiler unit at an Aluminum Plant to reduce Nitrogen Oxide emissions from the Boiler.
- 4.34 We successfully commissioned a stand-alone Sugar Refinery of 2,500 Tonnes per Day (TPD) for a company in the Kingdom of Saudi Arabia. This is one of the largest stand-alone sugar refineries in the world.
- 4.35 We also set up 2 x 600 TPD Sugar Refinery projects in Uttar Pradesh.
- 4.36 Another project completed was a 3500 TCD (Tonnes of Cane per Day) Refined Sugar Plant with 18 MW Co-generation project in Haryana.
- 4.37 The subvention scheme for interest on loans for Distilleries, to make Ethanol, has resulted in there being a number of enquiries in hand that we are hopeful of converting into orders.
- 4.38 As a result of an infra push by the Government, the Construction business continued to do well. We successfully constructed a Workshop for periodic overhauling of Rail Wagons at Bikaner.
- 4.39 We set up a 20 MW Coke Oven Waste Heat based Power Plant at Koppal, Karnataka.

4.40 A Coal & Limestone Handling Package for a 70 MW Co-generation Power Plant was set up at Bhavnagar, Gujarat.

4.41 SIGNIFICANT NEW ORDERS RECEIVED (EPC Segment):

- (i) Having booked some orders recently, we have reached the landmark of booking orders for a 100 CFBC Boilers.
- (ii) Order for the largest Cement Waste Heat Recovery Boiler.
- (iii) Large value order for Operation and Maintenance from a reputed industrial house for their Boiler.
- (iv) Three more orders for Wet Flue Gas Desulfurization (WFGD) System projects.
- (v) An order from a Power Plant for Renovation & Modernization (R&M) of 8 Electrostatic Precipitators of larger size Boilers. The purpose of this R&M is to reduce particulate matter emissions in ESPs to meet current emission norms as per the Environmental Policy.
- (vi) An order for a Turnkey Sugar Plant of 10000 TCD in Karnataka, one of the largest greenfield plants in the sugar industry in India.
- (vii) An order for a 3500 TCD Sugar Plant to be set up on a turnkey basis in Maharashtra.
- (viii) Our first order for a Raw Water Treatment project from NTPC namely - Ganga Water Treatment for Barauni Thermal Power Plant.
- (ix) Our first Process Plant order on EPC basis for a 200 TPD Formaldehyde Plant from Assam Petrochemicals.
- (x) Orders for a 600 TPD Municipal Waste-based Power Plant, and Metro Repair and Maintenance Facilities for Kolkata Metro and Bengaluru Metro.

MANUFACTURING - MACHINERY & EQUIPMENT SEGMENT:

- 4.42 The Segment covers the manufacture of Presses, Process Equipment, Liquefied Gas Containers, Tubing & Piping, Iron & Steel Castings, and Industrial Machinery.
- 4.43 The revenue of the segment was marginally lower, but profit was substantially higher than the preceding year due to various measures mentioned in 4.05 above.
- 4.44 During the year, after the initial setback due to Covid-19, the company bagged good orders from Power, Refinery, Hydro and Steam Power, Steel, Cement, Aeronautics, Refractory, Soda Ash, and Tool & Die sectors.

- 4.45 With the impact of Covid-19 being felt all over the world, there was a significant decline in automobile sales. Consequently, demand from the Automotive sector, the major users for Mechanical Presses, remained depressed and adversely affected our order booking. Fortunately, our focus on Hydraulic Presses enabled us to book orders for Hydraulic Presses from the Non-Automotive sectors. This mitigated the loss of orders from the Automotive sector to some extent.
- 4.46 As for exports of Presses, our South East Asia office remained inoperative until December 2020, and in most of the European countries there was extended lockdown resulting in low demand.
- 4.47 Lockdowns restricted visits that were necessary for generating enquiries and for post-offer discussions. We lost important orders from Europe and North America due to these limitations.
- 4.48 As for the current year, uncertainty continues in the domestic market due to the second wave of Covid-19. Although we foresee some signs of improvement in the Automotive market, it will take some more time to revive. We will continue to focus on marketing high productivity and high technology products like Servo Presses, Transfer Presses, and Progressive Die Presses.
- 4.49 We hope to retain our market share in specialized Hydraulic Presses such as Die Spotting Presses, Cold Forging Presses, Refractory Presses, and Specialized Presses for the Defence and Railway sectors.
- 4.50 In the Process Equipment business, majority of the projects in the Oil Refinery and Petrochemicals sectors were either shelved or deferred, adversely affecting order booking. However, a good backlog of orders from the previous year has kept our shops very busy. The situation has improved and recently we have booked three high value orders for Shell & Tube Heat Exchangers. The market for Process Equipment is likely to remain buoyant during the year.
- 4.51 We also continue to pursue opportunities in Repair & Maintenance of Critical Equipment in Process Plants.
- 4.52 For our Liquefied Gas Containers business, it was a very good year. But recently there has been a slowdown in the last few months as a result of the lockdown. The sharp dip in demand for Caustic Soda from the Alumina and Textile industries, due to the extended lockdown, has directly affected our order booking.
- 4.53 This was a good year for Tubing and Piping products.
- 4.54 The Tubing and Piping Shops have received a Certification for EN Code (European Code) for Boilers, as well as an approval to manufacture Pressure Parts as per ISO-12952 and ISO-3834. Also, the special capability for Inconel Weld Overlay process developed by us has enabled us to bid for prestigious orders for Waste-to-Energy Boiler fabrication from the developed world. The current year has started with a record order book requiring us to make some small investments to marginally increase our manufacturing capacity.
- 4.55 In spite of deferment of Greenfield Soda Ash projects due to Covid-19, the Iron Castings business was able to maintain its turnover and profit, as per last year's levels.
- 4.56 Majority of Original Equipment Manufacturers (OEMs) in the Tool & Die sector have started their Tool Room (manufacturing facility) in India. In view of high demand envisaged for Castings from this sector, we are expanding our Foundry facility, which will increase output by 50%. The new facility is expected to be operational from January 2022.
- 4.57 We expect good business, both from the domestic as well as the export markets.
- 4.58 The working of Steel Castings business during the year improved, but we are working towards increasing its efficiency even further.
- 4.59 The market for Steel Castings continued to remain depressed during the year. We did win a few orders under acute competition, but margins were hit.
- 4.60 Lately, the market for Steel Castings has improved and the Unit has booked good orders. However, this foundry has been impacted to a great extent due to non-availability of oxygen. The situation has, however, improved as oxygen is available since 1st June 2021.
- 4.61 SIGNIFICANT NEW ORDERS RECEIVED (Manufacturing Segment):**
- (i) Important orders for the Presses business from the manufacturers of Railway Equipment and Refractories, in the Non-Automotive sector.
 - (ii) Order for a Hydraulic Press for Aerospace application.
 - (iii) Another order for a Mechanical Press from an existing customer in Spain.

- (iv) Breakthrough order for High Wall Mining Parts from the Mining sector for our Contract Manufacturing business.
- (v) Export orders for Process Equipment - Surface Condenser and Deaerator for the Power sector, and Heat Exchanger for the Refinery sector. Few large value orders were also received from domestic Refinery projects.
- (vi) First order for the fabrication of Cooling Stack for a Steel Plant for Tubing & Piping business.

DETAILS OF SIGNIFICANT CHANGES IN KEY FINANCIAL RATIOS ALONG WITH DETAILED EXPLANATIONS:

Details of significant changes in key Financial Ratios is enclosed as Annexure-1.

5.00 REPORT ON THE PERFORMANCE AND FINANCIAL POSITION OF SUBSIDIARIES AND JOINT VENTURE COMPANIES:

(A) SARASWATI SUGAR MILLS LIMITED (WHOLLY OWNED SUBSIDIARY COMPANY):

The financial results for the year under report were very good. The profit before tax was ₹ 87.95 crores against ₹ 33.36 crores in the preceding year.

Sugar Scenario:

(1) There was a steep reduction in the all India closing stock of sugar at the end of last season on 30th September 2020. Closing stock as on 30th September 2021 is likely to reduce further in spite of higher all India sugar production in the current season. Comparative figures are given below:

Season	Opening Stock Lakh MT	Production Lakh/Ton	Total Availability Lakh MT	Domestic Consumption Lakh MT	Exports Lakh MT	Total Lakh MT	Closing Stock Lakh MT
2018-19	107.16	331.62	438.78	255.00	38.00	293.00	145.78
2019-20	145.79	274.11	419.90	253.00	59.00	312.00	107.90
2020-21*	107.40	302.00	409.40	260.00	60.00	320.00	89.40

*As per estimate of Indian Sugar Mills Association.

(2) The reduction in closing stock, in spite of static domestic consumption, has been due to the following steps taken by the Central Government for the last few seasons: -

- (i) Continuing the Scheme of Maximum Admissible Export Quota (MAEQ) which provides subsidy to cover loss on export of sugar. This enabled the export of 60 lakh tonnes in the preceding season. Same quantity is likely to be exported in the current season.
- (ii) Incentivizing more ethanol production by diverting B-heavy molasses and sugarcane juice from production of sugar to ethanol. While approximately 10 lakh tonnes of sugar was diverted during the season 2019-20 in favour of ethanol production, 20 lakh tonnes of sugar is expected to be diverted during the current season 2020-21.

(3) The Central Government continued with the policy of Monthly Release Mechanism under which each Mill is not allowed to sell more than the released quantity for that month.

(4) The Central Government also continued with the policy of Minimum Sale Price (MSP), below which sugar mills are not allowed to sell. MSP applicable during the year under report was ₹ 3100/- per quintal and no increase was made despite repeated representations by the Industry and also recommendations by the Commission for Agricultural Costs and Prices (CACP) and Niti Aayog.

(5) Demand for sugar due to lockdown in the months of April and May 2020 was low and the off take was less. It increased to some extent after the lockdown restrictions were eased. Demand of sugar was also affected due to higher consumption of Gur as there is public perception that its consumption is better to control Covid-19 related complications. Sugar prices, therefore, continued at last year's level.

(6) Due to resurgence of Covid-19, the demand has decreased since last month and sugar prices are under pressure.

Factory Working:

(7) The working of the factory during the season 2020-21 was very good. Stoppages were minimum.

- (8) The recovery during the season, however, was lower at 11.49% against 11.79% in the preceding season due to climatic reasons.
- (9) In spite of about 7-8% reduction in the yield of sugarcane, we were able to crush 16.16 lakh MT of cane against 16.40 lakh MT in the preceding season.
- (10) In spite of the resurgence of Covid-19 from March 2021, operations of the factory were smooth.
- (11) The Central Government increased the Fair & Remunerative Price (FRP) of sugarcane by ₹ 10/- per quintal to ₹ 285/- per quintal linked to
- (13) The statistical position is given below: -

a recovery of 10%. FRP applicable to each factory is to be increased by ₹ 2.85 per quintal for every 0.1% increase in the recovery over 10%. FRP applicable to our factory was ₹ 336/- per quintal.

- (12) The Haryana Government also increased the State Advised Price (SAP) by ₹ 10/- per quintal from ₹ 340/- per quintal to ₹ 350/- per quintal, which is the highest in the country. The Haryana Government continued to give a subsidy to compensate for the difference between SAP & FRP. The amount of subsidy received by us was, however, less due to higher FRP.

Particulars	Sugar Season (October to September)	
	2020-21	2019-20
Saraswati Sugar Mills (SSM)		
Date of Start of crushing operations by SSM	24-11-2020	26.11.2019
Date of Close of crushing operations by SSM	10-05-2021	16.05.2020
Cane Crushed by SSM (Lakh Tonnes)	16.16	16.40
Recovery (%)	11.49%	11.79%
Sugar Production of SSM (Lakh Tonnes)	1.86	1.93
All India		
Production of Sugar (Lakh Tonnes)	302*	274.11
Consumption of Sugar (Lakh Tonnes)	260*	253.00

*These are estimated, as the sugar season is yet to close.

- (14) Under MAEQ your Company was allotted a quantity of 3,68,660 quintal of sugar for export. The entire quantity has been contracted and 3,64,000 quintals have already been dispatched.

100 KLPD Ethanol Plant:

- (15) As already mentioned in last year's report, we had started work on setting up an Ethanol Plant of 100 KLPD in the last season. 90% of the work has been completed. It was expected to start commercial production by June 2021 but may get delayed due to the resurgence of Covid-19.
- (16) With the start of the Ethanol Plant, there will be increased requirement of working capital and the Company shall be taking necessary steps to enhance the Cash Credit limits.

Credit Rating for enhanced Working Capital facilities and Term Loan:

- (17) The Company had got its Working Capital loan facilities from Banks enhanced. Credit rating Agency ICRA has reaffirmed the Credit rating of

“A-” for our fund based working capital facilities and Term loan facilities and “A1” for Non-fund based credit facilities.

Next Season:

- (18) Due to expected increase in cane planting, we expect to crush more cane during next year.
- (19) Though the all India closing stock of sugar at the end of the season 2020-21, is lower than the closing stock at the end of the preceding season, but still it will be equal to four months' domestic consumption. Unless the Central Government continues with the policy of MAEQ with adequate subsidy, the sugar prices are not likely to increase.

(B) ISGEC HITACHI ZOSEN LIMITED (SUBSIDIARY AND JOINT VENTURE COMPANY):

- (1) As reported in last year's Board Report, due to the nation-wide lockdown initiated in the last week of March 2020, some of the equipment which were ready or in the final stages, could not be dispatched. These were dispatched during the year under

report. Accordingly, the total revenue during the year under report was ₹ 339.03 crores as compared to ₹ 288.92 crores in the preceding year.

- (2) Profit before tax was ₹ 9.66 crores as compared to ₹ 11.15 crores in the preceding year. It would have been higher, but the Company had to incur about ₹ 3 crores (approx. USD 400,000) on account of detention of ship arranged by Samsung for transportation of Columns from Mumbai to Thailand. The reason for the detention was the inability to get the barge to sail out from the jetty at Dahej due to lack of sufficient water between the jetty and the channel at high tide. The next tide was after 13 days. Thereafter, as a corrective measure, we carried out dredging between the jetty and the channel to increase the depth.
- (3) Important supplies made during the year were: -
 - a) Six Vanadium Reactors to Exxon Mobil for their plant in Belgium, which was our first ever overseas dispatch of a Hydro Processing Reactor.
 - b) Four large Columns including a Crude Column, a Vacuum Column, and a Product Fractionator supplied to PSS, Netherlands (a consortium of Petrofac-UAE, Saipem-Italy, and Samsung-Korea) for the Thai Oil Refinery project. This was the biggest value single contract executed by us for export & the largest Columns manufactured by us so far.
 - c) Vanadium Reactor for the DHDT Unit of the Rajasthan Refinery project, India.
- (4) During the year, we continued with the business of undertaking on-site repairs of equipment in Fertilizer and Petrochemical plants during their shutdowns.
- (5) In our attempt to extend our presence in the petrochemical sector, we were successful in obtaining an approval from INEOS (erstwhile BP) for the manufacture of PTA plant equipment. Attempts to qualify for more complicated equipment are in progress.
- (6) We booked our first order for supply of a complete Steam Surface Condenser for a Super Critical Power Plant in Bangladesh.
- (7) The order booking during the year under report has not been good due to deferment of several projects. Subject to uncertainties posed by Covid,

we expect good order booking during the current year, as most of the projects deferred are expected to become active.

(C) ISGEC TITAN METAL FABRICATORS PRIVATE LIMITED (SUBSIDIARY AND JOINT VENTURE COMPANY):

- (1) The Company continues to do well. The total income and the profits were higher as compared with the preceding year. Total income was ₹ 36.42 crores as against ₹ 25.60 crores last year and profits before tax was ₹ 5.99 crores against ₹ 2.47 crores last year.
- (2) Major business potential for our Company is from chemical plants, mainly among them being Agro chemicals, Pharmaceuticals including API (Active Pharmaceutical Ingredients), as well as essential commodities such as, common salt. These plants did not suffer major slowdown post lockdown period and, therefore, the impact on our order booking was minimal during the year.
- (3) The orders under execution, however, were affected due to delay in the raw material supply. Most of the projects were delivered on time except one project, where LD is payable.
- (4) Orders booked included orders for the first time for a large Titanium Clad Column, Tantalum Bayonet Exchanger and Niobium Exchangers. Other major orders booked for export were for Hastelloy Exchanger and domestic order for Critical Monel Reactor.
- (5) Barring the uncertainties posed by Covid-19, the Company is likely to do well next year due to a record order backlog and major projects in Soda Ash / Chlorine Derivatives/Acid Plant Sectors.

(D) ISGEC SFW BOILERS PRIVATE LIMITED (FORMERLY KNOW AS ISGEC FOSTER WHEELER BOILERS PRIVATE LIMITED) (SUBSIDIARY AND JOINT VENTURE COMPANY):

- (1) The Company is a design company to manage detailed engineering of Boilers globally contracted by Sumitomo SHI FW (SFW), Finland. The total income and profit was higher during the year at ₹ 9.83 crores and ₹ 2.07 crores respectively as compared with ₹ 6.49 crores and ₹ 0.37 crores respectively in the previous year.

- (2) Due to delay in materialization of a few anticipated projects, the Company decided to defer its hiring plan, but instead developed its subcontractors to perform engineering for Piping, Steel, and Electrical & Instrumentation to meet the project schedule for confirmed orders. The Company effectively trained and supervised the work output of these subcontractors.
- (3) Further, the Company utilised the design capability gained during the previous years enabling it to perform more complex engineering work than it had done previously.
- (4) Due to various measures taken by the Company to utilise in-house capacity and capability, the capacity utilisation was higher in the year under report as compared with last year.
- (5) As for the next year, the order book for the Company looks promising as it is assured of two new projects, in addition to the backlog projects, and a couple of more projects are likely to materialize.

(E) ISGEC REDECAM ENVIRO SOLUTIONS PRIVATE LIMITED (SUBSIDIARY AND JOINT VENTURE COMPANY):

- (1) The Company has been able to establish itself in the market by offering Bag Filters for Boiler applications, Cement plants, DE (Dust Emission) Systems for Steel Plants, and Dry Scrubbing Systems for Sulphur Oxides (SOx) removal.
- (2) Due to the Covid -19 situation Dry Scrubbing projects (NSPCIL and Detox) were put on hold and there was delay in finalization of new orders. The turnover, as well as order booking, during the year under report, were inadequate. The total income was ₹ 26.25 crores against ₹ 40.45 crores last year.

Consequently, there was a loss of ₹ 3.87 crores during the year against profit of ₹ 0.46 crores last year.
- (3) Having faced many teething problems in the Bag Filters supplied, there have been learnings which are being applied in future projects.
- (4) In addition to normal Bag filters, it has been decided in consultation with Redecam, Italy, JV partner of the company, to participate in projects requiring solutions such as Dry Scrubbing Systems / Flue Gas Cleaning Systems for removal of SOx and other heavy chemicals. These are likely to have

more demand, specifically in MSW (Municipal Solid Waste) based plants and Process Industries due to major impetus on reducing the load on landfills and also to meet stringent SOx emission norms.

(F) EAGLE PRESS & EQUIPMENT CO. LIMITED (WHOLLY OWNED SUBSIDIARY COMPANY):

- (1) Operations in Eagle Press continued to be affected due to slowdown in Canada and USA due to Covid-19, during the year under report. The revenue was, therefore, less. The subsidiary company had a loss during the year.
- (2) The loss was mainly on account of an expense to settle an outstanding arbitration on account of performance issue of the Presses supplied by Eagle before it was taken over by Isgec.
- (3) In order to utilize the manufacturing resources, it was decided to build a Press in stock, to be sold against future orders.
- (4) Situation has now improved. The Company, with the opening of the economy in USA, has been able to book a large number of orders and FY 22 is likely to be good.

(G) OTHER WHOLLY OWNED SUBSIDIARY COMPANIES:

(i) Free Look Software Private Limited and Isgec Export Limited:

There was no commercial activity during the year.

(ii) Isgec Engineering & Projects Limited:

There was no commercial activity during the year except letting out of property at Kasauli.

(iii) Isgec Covema Limited:

The company had orders for supply of Boiler parts and for Erection and Commissioning of Boilers. These orders were majorly executed in FY 21. Balance will be executed in FY 22.

6.00 AMOUNTS TRANSFERRED TO RESERVES, IF ANY:

6.01 No amount was transferred to the Reserves during the year ended 31st March 2021.

7.00 NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS:

7.01 Four Board Meetings were held during the year ended 31st March, 2021.



8.00 DIRECTORS' RESPONSIBILITY STATEMENT:

8.01 Your Directors hereby confirm that:

- (a) In the preparation of the Annual Accounts for the Financial Year 2020-21 the applicable Accounting Standards have been followed and there are no material departures;
- (b) The Directors have selected such accounting policies with the concurrence of the Statutory Auditors and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the financial year;
- (c) The Directors have taken proper and sufficient care, to the best of their knowledge and ability, for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013. They confirm that there are adequate systems and controls for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) The Directors have prepared the Annual Accounts on a going concern basis;
- (e) The Directors have laid down internal financial controls to be followed by the Company, and these financial controls are adequate and are operating effectively; and
- (f) The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

9.00 INDEPENDENT DIRECTORS:

9.01 All the Independent Directors have furnished declarations that each of them meets the criteria of independence as provided in Sub-section (6) of Section 149 of the Companies Act, 2013 and Rule 6 (1) and (2) of the Companies (Appointment and Qualification of Directors) fifth Amendment Rules, 2019.

10.00 POLICY ON DIRECTORS' APPOINTMENT / REMUNERATION OF DIRECTORS / KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES:

10.01 The Nomination and Remuneration Committee formulated the criteria for determining qualifications, positive attributes and independence of a Director and

recommended to the Board, a policy relating to the remuneration for the key managerial personnel and other employees. While formulating the policy, the Committee has taken into account:-

- (i) that the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the Company successfully;
- (ii) that relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- (iii) that remuneration to Directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals.

The Nomination and Remuneration Policy is available on the website of the company at <http://www.isgec.com/pdf/NRC-policy.pdf>

11.00 EXPLANATION OR COMMENTS ON QUALIFICATION ETC., BY THE STATUTORY AUDITORS AND COMPANY SECRETARY IN PRACTICE:

11.01 There is no qualification, reservation or adverse remark or disclaimer made by the Statutory Auditors in the Auditors' Report or by the Company Secretary in Practice in Secretarial Audit Report needing explanation or comments by the Board.

11.02 The Statutory Auditors have not reported any incident of fraud to the Audit Committee of the Company in the year under review.

12.00 PARTICULARS OF LOANS / GUARANTEES / INVESTMENTS:

12.01 Particulars of Loans given, Investments made, or Securities provided under Section 186 of the Companies Act are annexed as Annexure-2.

13.00 PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES:

13.01 The Company has formulated a Policy on Materiality of Related Party Transactions and also on dealing with Related Party Transactions as required under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Policy on Related Party Transactions has been disclosed on the website of the company at <http://www.isgec.com/pdf/PolicyonMaterialityofRelatedPartyTransactionsandonDealingwithRelatedPartyTransactions1822020.pdf>

13.02 All Contracts, Arrangements and Transactions entered by the Company during the financial year with Related Parties were in its ordinary course of business and were on arm's length basis.

13.03 The particulars of contracts or arrangements with Related Parties referred to in Section 188(1) of the Companies Act, 2013, are given in the prescribed Form AOC-2, annexed as Annexure-3.

14.00 MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY AFTER THE CLOSE OF THE YEAR:

14.01 There have been no material changes and commitments, if any, affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which the financial statements relate and the date of the report.

15.00 CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS & OUTGO:

15.01 The required information regarding Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo is annexed hereto as Annexure-4.

16.00 RISK MANAGEMENT POLICY:

16.01 The Board has developed and implemented a Risk Management Policy for the Company, including for identifying elements of risk, which in the opinion of the Board may threaten the existence of the Company. In terms of the Policy, a detailed risk review is done by Unit Level Committee or Corporate Level Committee (depending upon the value of the order) before accepting any order. All the terms and conditions, both financial and technical, are reviewed.

16.02 In addition, the Board has laid down a Foreign Exchange Risk Management Policy, which is implemented for hedging Forex risk.

16.03 The Company also takes adequate insurance to protect its assets.

17.00 CORPORATE SOCIAL RESPONSIBILITY:

17.01 The Company has a Corporate Social Responsibility Committee of the Board of Directors as under:-

- For the period from April 01, 2020 till the conclusion of the 87th AGM of the Company held on September 18, 2020:

S. No.	Name of the Committee Member	Position
1.	Mr. Ranjit Puri (DIN: 00052459)	Chairman
2.	Mr. Aditya Puri (DIN: 00052534)	Member
3.	Mr. Vinod Kumar Sachdeva (DIN: 00454458)	Member

- For the period from the conclusion of the 87th AGM of the Company held on September 18, 2020 till March 31, 2021:

S. No.	Name of the Committee Member	Position
1.	Mr. Ranjit Puri (DIN: 00052459)	Chairman
2.	Mr. Aditya Puri (DIN: 00052534)	Member
3.	Mr. Vishal Kirti Keshav Marwaha (DIN: 00164204)	Member

17.02 In addition to the amount of ₹ 16.15 lakhs pertaining to the previous year, the Company was required to spend a further amount of ₹ 391.39 lakhs for the year ended 31st March 2021 i.e. an aggregate amount of ₹ 407.54 lakhs.

17.03 The Company has allocated an amount of ₹ 225 lakhs to be spent on Multi-year Ongoing Projects for installing Water Harvesting Systems and Solar Power Systems in the local areas, including rural areas around Yamunanagar for ensuring environmental sustainability and conservation of natural resources and maintaining the quality of soil, air and water. The Company has spent ₹ 123.88 lakh on ongoing projects in the current financial year and the balance amount of ₹ 101.12 lakhs transferred to Unspent CSR Account.

17.04 The Company has spent further ₹ 182.54 lakhs on Social Projects other than ongoing projects including ₹ 19.56 lakhs on administrative overheads during the financial year.

17.05 The annual report on Corporate Social Responsibility is given in the prescribed format annexed as Annexure-5.

17.06 In view of the oxygen scarcity being faced by hospitals in their fight against Covid, it was decided to prioritise the utilization of our CSR resources to help mitigate the situation. It was, therefore, decided to provide Oxygen Plants to the ESI Hospital at Yamunanagar, as well as to the District Hospital at Muzaffarnagar, along



with Oxygen Cylinders and Oxygen Concentrators. This has strengthened the local health infrastructure and will help fight the current and any future wave of the pandemic.

18.00 ANNUAL EVALUATION BY THE BOARD:

- 18.01 On the recommendation of the Nomination and Remuneration Committee, the Board has finalized the Evaluation Process to evaluate the entire Board, Committees, Executive Directors and Non-Executive Directors.
- 18.02 The method of evaluation, as per the Evaluation Process, is to be done by internal assessment through a detailed questionnaire to be completed by individual Directors.
- 18.03 In accordance with the Companies Act and the Listing Requirements, the evaluation is done once in a year, after close of the year and before the Annual General Meeting.

19.00 ANNUAL RETURN:

- 19.01 The Annual Return is available on the website of the company at www.isgpec.com.

20.00 DETAILS OF DIRECTORS / KEY MANAGERIAL PERSONNEL:

- 20.01 Mr. Vinod K. Nagpal (DIN: 00147777), Mr. Tahir Hasan (DIN: 00074282), Mr. Arun Kathpalia (DIN: 00177320), and Mr. Vinod Kumar Sachdeva (DIN: 00454458), are Independent Directors who retired from the Board of the Company, on completion of tenure of their appointment with effect from the conclusion of the 87th Annual General Meeting of the Company held on September 18, 2020.
- 20.02 The Board placed on record its appreciation for the services rendered by them as Independent Directors during the tenure of their appointment.
- 20.02 Mr. Sidharth Prasad (DIN: 00074194), Independent Director, was reappointed by the Shareholders for a second term of 5 (Five) years with effect from October 31, 2020 up to October 31, 2025.
- 20.03 Mr. Vishal Kirti Keshav Marwaha (DIN: 00164204), Independent Director, was reappointed by the Shareholders for a second term of 5 (Five) years with effect from the conclusion of 87th AGM up to the conclusion of 92nd AGM to be held in the year 2025.
- 20.04 Statement regarding the opinion of the Board with regard to integrity, expertise and experience (including the online proficiency self-assessment test) of the Independent Directors appointed during the year is annexed hereto as Annexure-6.

21.00 NAMES OF COMPANIES WHICH HAVE BECOME OR CEASED TO BE SUBSIDIARIES, JOINT VENTURES, AND ASSOCIATES:

- 21.01 No new company has become or ceased to be a subsidiary, joint venture and associate company during the year.

22.00 DETAILS OF SIGNIFICANT & MATERIAL ORDERS:

- 22.01 There is no significant or material order passed by the regulators or courts or tribunals impacting the going concern status and Company's operations in future.

23.00 DEPOSITS:

- 23.01 The Company has not accepted any deposits from the public and as such, no amount on account of principal or interest on deposits was outstanding as on the date of close of the financial year.

24.00 INTERNAL FINANCIAL CONTROLS:

- 24.01 The Company has adequate internal financial controls with reference to financial statements and these are working effectively.

25.00 COMPOSITION OF AUDIT COMMITTEE:

- 25.01 The composition of Audit Committee is as below:-
- For the period from April 01, 2020 till the conclusion of the 87th AGM of the Company held on September 18, 2020:

S. No.	Name of the Committee Member	Position
1.	Mr. Vinod K. Nagpal (DIN: 00147777)	Chairman
2.	Mr. Arun Kathpalia (DIN: 00177320)	Member
3.	Mr. Aditya Puri (DIN: 00052534)	Member
4.	Mr. Sidharth Prasad (DIN:00074194)	Member

- For the period from the conclusion of the 87th AGM of the Company held on September 18, 2020 till March 31, 2021:

S. No.	Name of the Committee Member	Position
1.	Mr. Vishal Kirti Keshav Marwaha (DIN: 00164204)	Chairman
2.	Mr. Aditya Puri (DIN: 00052534)	Member
3.	Mr. Sidharth Prasad (DIN:00074194)	Member

- 25.02 There is no recommendation by the Audit Committee which has not been accepted by the Board.

26.00 REPORT ON CORPORATE GOVERNANCE:

26.01 Report on Corporate Governance for the year under review, as stipulated under the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, is annexed as Annexure- 7.

27.00 CONSOLIDATED FINANCIAL STATEMENTS:

27.01 In accordance with Section 129(3) of the Companies Act, 2013, the Company has prepared consolidated financial statements of the Company and all its subsidiary companies, which is forming part of the Annual Report.

27.02 Further, as required under Rule 5 of the Companies (Accounts) Rules 2014, a statement in Form AOC-1 containing salient features of the financial statements of the subsidiary companies is attached as Annexure-8.

28.00 DISCLOSURE REGARDING REMUNERATION AS REQUIRED UNDER SECTION 197 (12) OF THE COMPANIES ACT, 2013:

28.01 Disclosures regarding remuneration as required under Section 197 (12) of the Companies Act, 2013 are annexed as Annexure-9.

28.02 Annexure giving certain details about the employees, in receipt of remuneration of not less than one crore and two lakh rupees throughout the financial year or eight lakh and fifty thousand rupees per month during any part of the year, is not annexed with the Boards' Report. In accordance with Section 136 (1) of the Companies Act, 2013 the Annexure is available for inspection by any member at the registered office of the Company during working hours, 21 days before the date of the AGM.

29.00 VIGIL MECHANISM:

29.01 The Board has framed Vigil Mechanism / Whistle Blower Policy for Director, Stakeholders, Individual Employees and their Representative Bodies in accordance with Section 177 (9) of the Companies Act, 2013 read with Rules made thereunder, Regulation 4 (2) (d) and Regulation 22 of the SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015 and Regulation 9A (6) of the SEBI (Prohibition of Insider Trading) Regulations, 2015, as amended from time to time. Details of Vigil Mechanism are given in the Corporate Governance Report. The Vigil Mechanism has been disclosed on the website of the Company at <https://www.isgce.com/pdf/VigilMechanismWhistleBlowerPolicy-10.06.2021.pdf>

30.00 MAINTENANCE OF COST RECORDS:

30.01 Pursuant to Section 148 of the Companies Act, 2013 read with the Companies (Cost Records and Audit) Rules, 2014, the provision of maintenance of cost records is applicable on the Company, accordingly the cost accounts and records are made and maintained by the Company.

31.00 PREVENTION OF SEXUAL HARASSMENT OF WOMEN AT WORKPLACE:

31.01 The Company has in place a Policy of Prevention on Sexual Harassment in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. An Internal Complaint Committee has been set up to redress complaints received regarding sexual harassment.

32.00 SECRETARIAL AUDIT REPORT:

32.01 The Board of Directors of the Company has appointed M/s. Pramod Kothari & Co., Company Secretaries, to conduct the Secretarial Audit.

32.02 Pursuant to Section 204 of the Companies Act, 2013, a Secretarial Audit Report given by Mr. Pramod Kothari of M/s. Pramod Kothari & Co, Company Secretaries, is annexed as Annexure-10.

33.00 SECRETARIAL STANDARDS:

33.01 The Company complies with all applicable secretarial standards.

34.00 PERSONNEL:

34.01 The Board wishes to express its appreciation to all the employees of the Company for their contribution to the operations of the Company during the year.

35.00 INDUSTRIAL RELATIONS:

35.01 Industrial relations remained peaceful.

36.00 ACKNOWLEDGEMENTS:

36.01 Your Directors take this opportunity to thank the Financial Institutions, Banks, Government Authorities, Regulatory Authorities, and the Shareholders for their continued co-operation and support to the Company.

36.02 With these remarks, we present the Accounts for the year ended March 31, 2021.

BY ORDER OF THE BOARD

Aditya Puri
Managing Director
DIN:00052534

Sidharth Prasad
Director
DIN: 00074194

Date: 28.06.2021
Place: Noida