

CKSP AND CO LLP

Chartered Accountants

(A Member Firm of 'CKSP & AFFILIATES')

Regd. Off. A-312, 3rd Floor, Royal Sands CHS Ltd, Shashtri Nagar, Andheri (West).

Mumbai - 400 053, Maharashtra, India. Email: debmalya@ckspllp.com / kalpen@ckspllp.com

Independent Auditors' Limited Review Report on the Unaudited Standalone Financial Results of Zenith Steel Pipes & Industries Limited for the quarter ended 30/06/2024 pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended

To

The Board of Directors

Zenith Steel Pipes & Industries Limited

(Formerly known as Zenith Birla (India) Limited)

1. We have reviewed the accompanying Statement of Unaudited Standalone Financial Results of Zenith Steel Pipes & Industries Limited (the 'Company') for the quarter ended 30/06/2024 (the 'Statement'), being submitted by the Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the 'Regulations'). We have initialed the statement for identification purpose.
2. This Statement, which is the responsibility of the Company's management and approved by the Company's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in the Indian Accounting Standards prescribed under section 133 of the Companies Act, 2013 (the 'Act') read with relevant rules issued thereunder and other accounting principles generally accepted in India. Our responsibility is to issue a report on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410, 'Review of Interim Financial Information performed by the Independent Auditor of the Entity' issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free from material misstatement. A review is limited primarily to inquiries of the Company personnel and analytical procedures applied to financial data and thus provide less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.
4. **Basis for Qualified Conclusion**
 - a) The Company has not complied with the provision of section 74 or any other relevant provision of the Act, and the Companies (Acceptance of Deposits) Rules, 2014 with regard to non-repayment of deposits and interest, on due date, maintenance of liquid assets to the extent required as well as not complying fully with the orders passed by the Company Law Board.
 - b) With reference to Note No 9 regarding the balance of Trade Payables, Trade Receivables, Loans, Advances, Deposits, intergroup, current liabilities, borrowing from others etc. being not confirmed by the parties as reconciliations by the management is pending and therefore direct confirmations were not send to the parties and hence we are unable to state whether these balances are recoverable /payable to the extent stated.
 - c) The Company had made provision of Rs.41.07 Lakhs in respect of certain Current accounts with banks, which have been frozen by regulatory authorities. In the absence of bank statements and balance confirmations for the quarter ended 30/06/2024, we are unable to comment on its impact, if any, on the books of account. (Refer Note 3).
 - d) The company has accumulated losses exceeding the share capital and reserves and its net worth has been fully eroded. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the company's ability to continue as a going concern. However, the unaudited standalone financial results of the Company have been prepared on a going concern basis because of the reasons stated in the Note No. 10 to the standalone financial results.



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- e) The Company has considered inventory value of Rs. 1,281.68 Lakhs as on 30/06/2024 in the unaudited standalone financial results by adopting weighted average cost method as informed to us. Since adequate information and necessary supporting evidences for the valuation were not made available to us, the impact of shortage/ excess in inventory, if any, could not be ascertained and adjusted in the books. (Refer Note no. 8)

5. Qualified Conclusion

Based on our review conducted and procedure performed as stated in paragraph 3 above, with the exception of the matters described in paragraph 4 above, nothing has come to our attention that causes us to believe that the accompanying Statement of unaudited standalone financial results, prepared in accordance with recognition and measurement principles laid down in the Indian Accounting Standards prescribed under Section 133 of the Act, as amended, read with relevant rules issued there under and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of Regulation 33, of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 including the manner in which it is to be disclosed, or that it contains any material misstatement.

6. Emphasis of Matter

We draw attention to the following:

1. As referred to in Note No. 6 regarding MOU entered into by the Company with Tribus Real Estate Pvt Ltd (TREPL) for taking over the Company's secured bank loan, which is pending completion.
2. As referred to in Note No. 2 regarding to the order issued by SEBI for violations of provisions of SEBI Act 1992 and SEBI regulations regarding issue of GDR.
3. As referred to in Note No. 5 regarding Securitization & Reconstruction of Financial Assets initiated by Consortium Banks for repayment of dues Rs. 19,319.00 Lakhs as on 31/01/2014 and have taken symbolic possession of immovable assets and filed case for physical possession. The case is pending in DRT Pune.
4. As referred to in Note No. 15 regarding the show cause notice u/s 148A(b) of Income Tax Act, 1961 received by Company on 01/03/2024 for AY 2020-21 and necessary submission was made on 14/03/2024. Further notice u/s 148 of Income Tax Act, 1961 was received on 15/04/2024 related to the said matter.
5. As referred to in Note No. 11 regarding reversal of provision of expenses amounting to Rs. 155.75 lakhs as disclosed under Other Income as provision for expenses written back.

Our opinion is not modified in respect of these matters.

For CKSP AND CO LLP
Chartered Accountants
FRN – 131228W / W100044


Dhananajay Jaiswal
Partner
M. No. 187686
UDIN: 24187686BKBXNN3660



Place: Mumbai
Date: 13/08/2024



THE YASH BIRLA GROUP

ZENITH STEEL PIPES & INDUSTRIES LIMITED
{Formerly Known as Zenith Birla (India) Limited}

Regd. Office : 5th Floor Industry House, 159, Churchgate Reclamation, Mumbai-400 020.

CIN: L29220MH1960PLC011773

email ID: zenith@zenithsteelpipes.com Web: www.zenithsteelpipes.com Tel:022-66168400 Fax: 02222047835

STATEMENT OF UNAUDITED STANDALONE FINANCIAL RESULTS FOR THE QUARTER ENDED 30TH JUNE, 2024

(Rs. In Lakhs except for per share data)

Sr. No.	Particulars	Quarter Ended			Year Ended
		30.06.2024	31.03.2024	30.06.2023	31.03.2024
		Unaudited	Audited	Unaudited	Audited
	Income				
I	Revenue From Operations	2,850.47	4,305.92	2,439.49	14,321.66
II	Other Income	184.58	454.84	15.77	529.93
III	Total Income (I+II)	3,035.05	4,760.76	2,455.26	14,851.59
IV	Expenses				
	Consumption of raw materials and components	573.21	2,631.00	1,097.55	7,710.13
	Purchase of stock-in-trade	-	12.04	-	230.66
	Changes in inventories of finished goods, stock-in-trade and semi finished goods	740.25	(533.56)	621.79	42.43
	Employee benefits expense	131.26	143.33	180.69	616.31
	Finance costs	61.04	72.86	72.44	292.40
	Depreciation and amortisation expense	48.46	57.32	67.12	258.19
	Other expenses	1,670.78	1,956.66	646.76	5,745.35
	Total Expenses (IV)	3,225.01	4,339.65	2,686.35	14,895.47
V	Profit/(Loss) before exceptional items and tax (III - IV)	(189.96)	421.11	(231.09)	(43.88)
VI	Exceptional Items	-	-	-	-
VII	Profit/(Loss) before tax (V - VI)	(189.96)	421.11	(231.09)	(43.88)
VIII	Tax expense:				
	Current tax	-	-	-	-
IX	Profit (Loss) for the period from continuing operations (VII-VIII)	(189.96)	421.11	(231.09)	(43.88)
X	Profit (Loss) from discontinuing operations	(1.79)	(9.21)	(5.08)	(23.34)
XI	Tax expense of discontinuing operations	-	-	-	-
XII	Profit/(loss) from discontinuing operations (after tax) (X-XI)	(1.79)	(9.21)	(5.08)	(23.34)
XIII	Profit/(Loss) for the period (VII - VIII)	(191.75)	411.90	(236.17)	(67.22)
XIV	Other Comprehensive Income	-	4.55	-	4.55
XV	Total Comprehensive Income for the Period (XIII+XIV) (Comprising Profit / (Loss) and Other Comprehensive Income for the period)	(191.75)	416.45	(236.17)	(62.67)
	Paid-up equity share capital (Face value of Rs. 10/- each)	14,228.04	14,228.04	14,228.04	14,228.04
	Reserves excluding revaluation reserves as per balance sheet of Previous accounting Year	-	-	-	(39,294.74)
XII	Earnings per equity share				
	Basic and Diluted EPS for the period from Continuing and Discontinued Operations	(0.13)	0.29	(0.17)	(0.05)
	Basic and Diluted EPS for the period from Continuing Operations	(0.13)	0.30	(0.16)	(0.03)
	Basic and Diluted EPS for the period from Discontinued Operations	(0.00)	(0.01)	(0.00)	(0.02)

* Earnings per equity share for the quarter is not annualised
See accompanying notes to the Standalone Financial Results

For and on behalf of the Board of Directors

Date: 13th Aug, 2024
Place: Mumbai



Minal Pote
Whole Time Director
DIN: 07163539

ZENITH STEEL PIPES & INDUSTRIES LIMITED

Corp. Off. : Dalamal House, 1st Floor, 206, J.B. Marg, Nariman Point, Mumbai - 400 021, India. Tel.: +91 22 6616 8400 Fax: +91 22 2204 7835
Email: zenith@zenithsteelpipes.com, www.yashbirlagroup.com
CIN: L29220MH1960PLC011773

Registered Office: Industry House, 5th Floor, 159, Churchgate Reclamation, Mumbai 400 020.



Notes to the Standalone Financial Results:

1. Other Income include foreign exchange gain/ (loss) of Rs. 27.50 Lakhs for the quarter ended 30/06/2024. (Quarter ended 30/06/2023 Rs.14.73 Lakhs).
2. The company was prohibited from accessing the securities market for three years by a SEBI order dated 31/03/2021 for violating certain sections of the SEBI Act 1992 and the SEBI Regulation for Issue of Global Depository Receipts ("GDR"). On 16/07/2021, the Company appealed against the aforementioned order. The final hearing was completed on 03/01/2023, and SEBI issued the final ruling on 21/02/2023. As per the ruling, the Company's appeal was largely upheld, the debarment was shortened to the time already served, and the penalty was decreased from Rs.10.00 crores to Rs.25.00 lakhs. The same has been provided in the books of accounts of the Company as of 31/03/2023 and is yet to be paid as of 30/06/2024. SEBI has filed a civil appeal with Supreme Court against the same on 07/08/2023. As on date, the company has not received any further communication in regards to the same.
3. There are certain non-operating current bank accounts of the Company. The bank statements and balance confirmations as on 30/06/2024 for these accounts could not be obtained; the company had made a provision of Rs.41.07 lakhs as on 31/03/2024 for the entire amount pending clarifications/confirmations from respective Banks.
4. The segment information, pursuant to the requirement of Ind AS 108 Operating Segments, is given as part of the consolidated financial results.
5. Consortium of banks has initiated action under Securitisation & Reconstruction of Financial Assets and Enforcement of Security Interest Act,2002 in February 2014 and called upon the company to repay the amount of Rs.19,319.00 lakhs towards the dues as on 31/01/2014, Thereafter, they have taken symbolic possession of the immovable assets at the khopoli unit on 29/05/2014, and filed a case for taking physical possession, which will be reviewed afresh by Invent Assets Securitization and Reconstruction Private Limited, since the Loan has been assigned to them by the Bank as on 31/03/2018. The case is being heard in DRT, Pune, and the company has requested an adjournment at the hearing held on 18/04/2024. As a result, the next hearing has been adjourned to 30/09/2024.
6. The Company had entered into a MOU with Tribus Real Estate Pvt. Ltd. (TREPL) for taking over the company's bank loans. The loans, to the extent taken over by TREPL aggregating to Rs.16,884.92 lakhs as on 30/06/2024, which is shown in the accounts of the Company as Secured Loan from Others. TREPL will negotiate with the lending Banks/ARCs to settle their debts amicably through a One-Time Settlement or on other conditions that are agreeable, Once the settlement with Bank is completed the TREPL will enjoy absolute right on those securities. As per the said MOU, TREPL will have the right on those securities till the Company repays the amount stated in MOU to TREPL.
7. During the Sept, 2023 quarter, the Company has received a re-opening notice u/s. 148 of Income Tax Act, 1961 for AY 2019-20 for which it has filed return of Income wherein the income tax department has alleged that "there is a complete cessation of liability in the hands of the Company with regards to principal amount of loan and outstanding interest payable on loan" in relation to its Non-Performing Assets with various bank. The Company has made necessary submission to the Authorities and submission is accepted by the authorities without any tax demand.

ZENITH STEEL PIPES & INDUSTRIES LIMITED



8. For the purpose of valuing its inventories, the company used the weighted average cost technique and reported an inventory value of Rs.1,281.68 Lakhs as on 30/06/2024. Due to the added variable costs connected with manufacturing the goods, the value of finished goods, work in progress, and scrap items, the valuation is done manually rather than a system based output.

9. Balance Confirmations-

- a. The balance of Trade Payables, Trade Receivables, Loans and Advances, Deposits, Current Liabilities, Borrowings from others etc. are considered as per books of account. As reconciliations is due in these accounts, the management has not sent direct confirmations to parties. In the opinion of the management, since the amount due to/ from these parties are fully payable/recoverable, no material difference is expected to arise at the time of settlement, requiring further accounting effect as on 30/06/2024.
- b. The Company is currently in the process of settling the amounts of trade payable to Ess Jay Global Ventures Private Limited and trade receivable from Mango Capital LLC on a net basis, as per applicable law and necessary confirmation will be obtained from the parties after the same.

Pursuant to the above, the Company has received a legal notice on 29/06/2023 from Ess Jay Global Ventures Private Limited to which the Company has sent a response on 30/06/2023. Accordingly, the company has determined that the net amount receivable from the group is Rs.150 Lakhs which is under aforesaid reconciliation/legal dispute.

The company has received further communication in this regards from the Advocates of Ess Jay Global Ventures Private Limited on 12/08/2023 for which the company has provided responses on 27/09/2023 through the Company advocates. Besides, the company has also sent a formal legal notice to Mango Capital LLC on 04/10/2023 asking them to clear their dues. As on date, the company has not received any further communication in regards to the same.

- c. The Company has not obtained confirmation from all vendors regarding MSME status, hence without the relevant details, provision is not made for interest liability towards the same in the books as of 30/06/2024 as well as disclosure related to MSME is not appropriate in absence of identification of MSME parties.
- d. The Company owed an operating creditor Rs. 233.42 lakhs as of January 31, 2022. The operating creditor filed a claim for repayment of the stated sum with the National Company Law Tribunal (NCLT) in June 2024, in accordance with the Insolvency and Bankruptcy Code, 2016. Subsequently, the operating creditor agreed to an out-of-court settlement wherein the parties agreed to a complete and final settlement of Rs. 448.77 lakhs paid in 2 parts on 17/05/2024 and 29/05/2024, which included Rs. 215.35 lakhs for interest on late payments and other charges which has been charged to other expenses in current quarter. The operating creditor retracted the petition under the Insolvency and Bankruptcy Code, 2016 that it had filed with the NCLT after receiving the entire and final settlement sum.



ZENITH STEEL PIPES & INDUSTRIES LIMITED



10. The net worth of the Company as per the definition given in the Companies Act, 2013 continues to be negative as on 30/06/2024 due to accumulated losses. Considering strategic understanding with suppliers/customers, the company is on the revival mode and is operating some of the units. Also, the Company's Board of Directors ('the Board') are examining available options to further increase sales/income from operations. Barring unforeseen circumstances beyond the control of the Company, the Board is confident about the Company's ability to continue as a going concern. Based thereupon and considering the projected revenues / cash flows, the Company has prepared accounts on a going concern basis.
11. During the quarter ended 30/06/2024, the management has assessed the provisions for expenses made in earlier years for export freight, claim payable and raw material expenses based thereon, reversed provisions in the accounts in respect of certain parties and disclosed the same under other income as provision written back amounting to Rs. 155.75 lakhs.
12. The Shareholders of the Company at the Annual General Meeting held on 17/09/2012 approved variation in utilization of public offer proceeds, so that Company can also utilize the proceeds for manufacturing of SAW and ERW pipes at Chennai or at such other location as may be decided by the Board. Out of the total amount Rs. 13,500.00 Lakhs, amount of Rs. 8,036 Lakhs was to be utilized from the proceeds of public issue and balance Rs. 5,464.00 Lakhs was to be utilized from proceeds of GDR issue. The details of utilization of proceeds of Rs. 13,500.00 Lakhs is given hereunder:

(Rs. in Lakhs)

Particulars	Projected Amount	Amount to be Spent
Land and Building	1000	1000
Plant and Machinery(Imported & Indigenous)	8532	8321
Miscellaneous Fixed assets	3696	3696
Contingency	272	272
Balance amount to be spent	13500	13289

Pending full utilization, the balance amount is held in Current/Fixed deposit /loan/advances accounts. There is Provision for doubtful advances to the tune of Rs. 10,925 Lakhs. Pending recovery of that advance, the amount available for deployment will be at lesser to that extent.

13. The figures for the earlier periods have been regrouped / reclassified / restated wherever necessary to make them comparable with those for the current period.
14. The figures for the quarter ended 31/03/2024 are the balancing figures between the audited figures in respect of the full financial year 2023-24 and the published unaudited year to date figures up to the third quarter ended on 31/12/2023.
15. The Company has received a show cause notice u/s 148A(b) of Income Tax Act, 1961 on 01/03/2024 upto AY 2020-21 in respect of acquisition of Non-Performing Assets by Invent group. The Company has made necessary submission on 14/03/2024 to the Authorities. On 15/04/2024 the Company has received notice u/s 148 of Income Tax Act, 1961 to reassess the income or tax and file the return within 90 days from the notice. The Company has filed the return on 12/07/2024 u/s 148.

ZENITH STEEL PIPES & INDUSTRIES LIMITED



THE YASH BIRLA GROUP

16. The Statutory Auditors of the Company have conducted review of the unaudited standalone financial results for the quarter ended 30/06/2024 pursuant to the requirement of Regulation 33 of the SEBI (LODR) Regulations, 2015 and have given a qualified conclusion in their report.
17. The unaudited standalone financial results for the quarter ended 30/06/2024 have been extracted from the unaudited standalone financial statements prepared in accordance with the Indian Accounting Standards (Ind-AS) as prescribed under Section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules issued thereafter. These unaudited standalone financial results have been reviewed by the Audit Committee and thereafter approved by the Board of Directors at their respective meetings held on 13/08/2024.

For Zenith Steel Pipes & Industries Limited

Minal Pote
Whole Time Director
DIN: 07163539



Place: Mumbai
Date: 13/08/2024

ZENITH STEEL PIPES & INDUSTRIES LIMITED