# WELSPUN METALLICS LIMITED

# 3RD ANNUAL REPORT 2022-2023

**Welspun Metallics Limited**
Regd. Off: Survey No. 650, Welspun City, Village Versamedi, Taluka Anjar, Dist. Kutch, Anjar, Kachchh, Gujarat - 370110
Tel: +91 22 6613 6000/ 2490 8000 F: +91 22 2490 8020
E-mail: companysecretary_wml@welspun.com
Corporate Identification Number: U27100GJ2020PLC115168

# Company Information

| | | |
|---|---|---|
| Company Identification Number | : | U27100GJ2020PLC115168 |
| Date of Incorporation | : | July 31, 2020 |
| Registered Office | : | Survey No. 650, Welspun City, Village Versamedi, Taluka- Anjar, Dist. Kutch, Gujarat-370110.<br>Tel 02836-662079;<br>email :Companysecretary_WML@Welspun.com |
| Authorized Capital | : | Rs. 500,00,00,000/- (Rupees Five Hundred Crore Only) divided into 13,00,00,000 (Thirteen Crore) Equity Shares of Rs. 10/- (Rupees Ten Only) each and 37,00,00,000 (Thirty Seven Crore) Preference Shares of Rs. 10/- (Rupees Ten Only) each |
| Paid-up Capital | : | Rs. 471,00,00,000/- (Rupees Four Hundred and Seventy One Crore Only) divided into 18,00,00,000 Equity Shares of Rs.10/- each fully paid-up and 35,30,00,000 Preference Shares of Rs. 10/- each fully paid-up. |
| Securities Registrar & Transfer Agent | : | **M/s NSDL Database Management Limited**<br>4th Floor, Trade World, "A" Wing<br>Kamala Mills Compound<br>Lower Parel, Mumbai - 400 013 |
| Board of Directors | : | Mr. Vipul Mathur- Director<br>Mr. Neeraj Kant – Whole Time Director<br>Mr. Percy Birdy- Director & CFO<br>Ms. Revathy Ashok -Woman Director (Independent) |
| Chief Financial Officer | : | Mr. Percy Birdy |

WELSPUN METALLICS
Iron & Steel

| | | |
|---|---|---|
| Company Secretary | : | Mr. Pradeep Joshi |
| | | |
| Auditors | : | Price Waterhouse Chartered Accountants LLP |

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# DIRECTORS' REPORT

To,
The Members,
**Welspun Metallics Limited**

Your directors take great pleasure in presenting their 3rd Annual Report on the business of your Company, together with the audited financial statements for the financial year ended March 31, 2023.

## 1. FINANCIAL HIGHLIGHTS

(Amount in Rs. Crore)

| Particulars | For the Financial Year ended 31.03.2023 | For the Financial Year ended 31.03.2022 |
|---|---|---|
| Income | 969.65 | 62.95 |
| Less: Total Expenses | 1299.07 | 73.62 |
| Profit /(Loss) before tax | (329.42) | (10.67) |
| Profit /(Loss) After Tax | (271.15) | (10.67) |
| Other Comprehensive Profit /(Loss) | (0.55) | (0.45) |
| Profit / (Loss) for the year Carried to the Balance Sheet | (270.60) | (11.12) |

## 2. BUSINESS UPDATE

During the year under review, your Company's state-of-the-art Blast Furnace, Sinter Plant, Oxygen Plant and Coke Oven Plant, located at Anjar, Gujarat were commissioned and has also started selling pig iron in domestic market and hot metal to Welspun DI Pipes Limited. During the few months of its commencement, the Pig Iron facility has received multiple export orders of ~43 KMT for Pig Iron across South East Asia and Europe.

The Blast Furnace can produce approximately 500,000 MT of Hot Metal per annum which will primarily be used for manufacturing Ductile Iron (DI) Pipes and balance for Pig Iron.

The Coke Oven facility has a production capacity of approximately 210,000 MT per annum of Coke which will primarily be used in the Blast Furnace for manufacturing of Hot Metal. This will help with continuous supply of high-quality coke at a competitive cost to run the plant efficiently.

Due to improvements to the project plan and inflation, the project cost has been revised from ~Rs.1,515 Crore (plus soft costs) to ~Rs.1,623 Crore (plus soft costs). Some of the major reasons for the variance are Trial Run Losses, Project Overrun in GST, Increase in Pre-operating Exp., Coke oven trial run and Increase in infrastructure cost.
The project viability continues to be healthy with the increased investment and it is being funded through internal accruals and external debts.

During the year under Report, following milestones were achieved by the company:

1. Project Capitalization of Rs. 1,306 Cr. (net of EPCG Benefits).
2. Hot Metal Production of ~ 254K MT has been achieved and other plants have also contributed towards overall performance.
3. Achieved Revenue of ~ Rs. 969 Crore.
4. The Company has also exported ~ 38 KMT of Pig Iron.

In line with the safety incidents at the plant, the management has implemented the 4 Phase wise safety measures to mitigate and prevent the safety incidents from occurring.

The company has incurred losses for the year ended March 31, 2023 due to following reasons:

1. The profitability of Company was impacted due to high prices of Raw material and subsequent weakening of market leading to lower realisation.
2. The Export duty on steel products imposed in May 2022 resulted in weak market for Pig Iron.
3. The blast furnace and sinter started production in July 2022 and coke plant was commissioned in December 2022. Thus Company had to purchase coke from the market.

## 3. TRANSFER TO RESERVES

In view of the losses during the financial year 2022-23, the Company has not transferred any amount to reserves and

## 4. DIVIDEND

Your Directors do not recommend any dividend for the year ended March 31, 2023.

## 5. DETAILS OF SUBSIDIARY

The Company does not have any subsidiary.

## 6. SCHEME OF ARRANGEMENT BETWEEN WELSPUN METALLICS LIMITED ("THE TRANSFEROR COMPANY") AND WELSPUN CORP LIMITED ("THE TRANFEREE COMPANY") AND THEIR RESPECTIVE SHAREHOLDERS ("THE SCHEME").

Your Board of Directors have, inter alia, considered and decided to propose to National Company Law Tribunal ("NCLT") for its approval a Scheme under Sections 230-232 of the Companies Act, 2013.

The Scheme, inter alia, provides for transfer and vesting of the entire assets and liabilities of the Company in the Transferee Company with effect from the Appointed Date of April 1, 2022. As the entire share capital of the Company is held by the Transferee Company, upon the Scheme becoming effective, no shares of Transferee Company shall be issued and allotted and the investment by the Transferee in the Company shall stand cancelled on the Effective Date (as defined in the Scheme) without any further act, instrument or deed.

The Scheme is expected to achieve the following:

(i) The Transferor Company and the Transferee Company are engaged in the business of manufacture and sale of steel and steel products and their proposed merger will create synergies between the businesses, including by pooling of their financial, managerial, technical, distribution, marketing and other resources. The proposed merger is expected to, inter-alia, result in reduction of costs, better alignment, coordination and streamlining of day-to-day operations of the units;

(ii) The consolidation will result in earning predictability, stronger revenue and improved competitiveness, with diversification in product portfolio thereby reducing business risks for the benefit of the shareholders. This will result in strong presence across market segments, provide access to new markets and product offerings along-with better bargaining power with customers / suppliers;

(iii) Consolidation and optimization of stockyards could significantly reduce logistics and distribution costs for both companies. Clubbing of shipments may help reduce shipping costs, port terminal charges and ocean freight;

(iv) Greater economies of scale and operational efficiencies which will provide a larger and stronger base for potential future growth;

(v) The Transferor Company is a new company which is yet stabilizing production and scaling up, while the Transferee Company is an existing stable company with a strong balance sheet, and by merging the Transferor Company with the Transferee Company there are many cost reductions and efficiencies that can be created;

(vi) Presently the loan borrowed by the Transferor Company are guaranteed by the Transferee Company and has higher cost of debt. The proposed merger will enable raising funds at relatively lower cost by leveraging on the strong fundamentals of the Transferee Company;

(vii) Streamlining the structure of the Transferee Company and making it simple and transparent; and

(viii) Reducing the multiplicities of legal and regulatory compliances.

## 7. PUBLIC DEPOSITS

During the year under Report, the Company has not accepted any deposit within the meaning of the Chapter V to Companies Act 2013. Further, no amount on account of principal or interest on deposit was outstanding as at the end of the year under Report.

## 8. SHARE CAPITAL

The Company does not have any equity share with differential rights and hence disclosures as required in Rule 4(4) of the Companies (Share Capital and Debentures) Rules, 2014 are not required. The Company has not issued any sweat equity or stock options.

9. CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

Since the Company does not meet the criterion laid down under Section 135(1) during the immediately preceding previous financial year, the constitution of CSR Committee is not applicable and average net profit of the Company for the immediately three preceding financial years is also negative. Hence, it is not necessary for the Company to spent amount on CSR activities. Accordingly, reporting on CSR activities is not applicable to the Company.

## 10. AUDITORS

**(a) Statutory Auditors:**

Your Company's Auditors M/s. Price Waterhouse Chartered Accountants LLP have been appointed up to the conclusion of the 6th Annual General Meeting. The remuneration fixed for the financial year 2023-24 is Rs. 20 Lakh p.a. plus such travelling and out-of-pocket expenses.

**(b) Secretarial Auditors:**

M/s. MNB & Co. LLP, practicing company secretaries, are the Secretarial Auditors of the Company. The Secretarial Audit Report required pursuant to sub section (3) of Section 134 and Section 204(1) of the Companies Act, 2013, is given in **Annexure 1** to this report.

The Board of Directors of the Company have re-appointed M/s. MNB & Co., LLP, practicing company secretaries, as the Secretarial Auditor of your Company for the Financial Year 2023-24.

**(c) Internal Auditors:**

M/s. KPMG Assurance and Consulting Services LLP, Chartered Accountants, have been appointed as the Internal Auditors of the Company for the financial year 2023-24.

(d) **Cost Auditors:**

M/s. Kiran J Mehta & Cost Accountants, have been appointed as the Cost Auditors of the Company for the financial year 2023-24.

As per the provisions of the Companies Act, 2013, the remuneration payable to the Cost Auditor is required to be placed before the Members in a General Meeting for their ratification. Accordingly the members are requested to approve their remuneration by passing an ordinary resolution pursuant to Rule 14 of the Companies (Audit and Auditors) Rules, 2015 as included in the Notice convening the Annual General Meeting.

## 11. AUDITORS' REPORT

### (a) Statutory Auditors' Report

Statutory Audit Report given by M/s. Price Waterhouse Chartered Accountants LLP, read with the annexure thereto and notes on account referred to in the their Report is self-explanatory and therefore, do not call for any further comments.

### (b) Secretarial Audit Report

Secretarial Audit Report given by M/s. MNB & Co. LLP, Company Secretaries, read with the annexure thereto, is self-explanatory and therefore, do not call for any further comments.

The Secretarial Audit Report required pursuant to sub section (3) of Section 134 and Section 204(1) of the Companies Act, 2013, is given in **Annexure - 1** to this report.

### (c) Reporting of Frauds by Auditors

During the year under review, the Statutory Auditors, the Secretarial Auditor and the Internal Auditors have not reported any instances of frauds committed in the Company by its Officers or Employees under section 143(12) of the Companies Act, 2013.

## 12. SUBSIDIARY/JOINT VENTURES/ASSOCIATE COMPANIES AND THEIR PERFORMANCE

During the year under report, Clean Max Dhyuthi Private Limited, an associate (26% shareholding) of the Company engaged in business of generation of power for captive consumption of its shareholders has reported a Nil Revenue and loss after tax of Rs. 0.02 crores in the current year. It's a newly incorporated Company and become associate of the Company w.e.f. July 28, 2022.

A report on the performance and financial position of associate company is presented in Form AOC-1 annexed to this Report as **Annexure - 2**.

## 13. DIRECTORS AND KEY MANAGERIAL PERSONNEL

During the year under Report, following changes took place in the Board of Directors and the Key Managerial Personnel:-

- Mr. Harish Chandra Gupta resigned as the Director of the Company with effect from May 13, 2022;
- Mr. Vipul Mathur resigned as the Whole-Time Director and Chief Financial Officer of the Company with effect from May 20, 2022. However, he continued as non-executive director on the Board of the Company;
- There was Change in designation of Mr. Percy Birdy from Director to Whole-Time Director and appointment as Chief Financial Officer of the Company with effect from May 20, 2022;
- Mr. Arpit Bhandari resigned as the Company Secretary of the Company with effect from May 20, 2022;
- Mr. Pradeep Joshi was appointed as the Company Secretary of the Company with effect from May 20, 2022;
- Change in designation of Ms. Revathy Ashok from Additional Director to Director w.e.f. 02.09.2022;
- Appointment of Mr. Neerajkant as Wholetime Director w.e.f. 23.05.2023, subject to shareholders' approval;

- Change in the designation of Mr. Percy Birdy from Wholetime Director to Director w.e.f. 23.05.2023.

In accordance with the provisions of the Companies Act, 2013 and the Articles of Association of the Company Mr. Percy Birdy (DIN: 07634795) is retiring by rotation at the forthcoming Annual General Meeting and being eligible, has been recommended for re-appointment by the Board.

Details about the Directors being appointed are given in the Notice of the forthcoming Annual General Meeting being sent to the members along with the Annual Report.

The Board is of the opinion that the Director(s) holding the positions on the Board of the Company during the year under Report, possess requisite expertise, experience (including the proficiency) and integrity.

## 14. DECLARATION BY INDEPENDENT DIRECTOR(S)

The independent director has individually declared to the Board that she meets the criteria of independence as provided under Section 149(6) of the Companies Act, 2013 and there is no change in the circumstances as on the date of this Report which may affect her status as an independent director. Your Board confirms that in their opinion the independent director fulfills the conditions of independence as prescribed under the Companies Act, 2013 and she is independent of the management. Further, in the opinion of the Board, the independent director possesses requisite expertise, experience and integrity. The Independent Director on the Board of the Company is registered with the Institute of Corporate Affairs, Manesar, Gurgaon as notified by the Central Government under Section 150(1) of the Companies Act, 2013 and as applicable shall undergo online proficiency self-assessment test, as may be applicable, within the time prescribed by the IICA.

## 15. FORMAL ANNUAL EVALUATION

The performance evaluation of the Directors was carried out by the entire Board (excluding the Director being evaluated) on the basis of a structured questionnaire which was prepared after taking into consideration inputs received from the Directors covering various aspects of the Board's functioning viz. adequacy of the composition of the Board, time spent by each of the directors; accomplishment of specific responsibilities and expertise; conflict of interest; integrity of the Director; active participation and contribution during discussions and governance.

For the financial year 2022-23, the annual performance evaluation was carried out by the Directors and the Board, which included evaluation of the Board, Non-independent Directors, Executive Directors, Quantity, Quality and Timeliness of Information to the Board. All the results were satisfactory.

## 16. NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS

The Company's Board comprises of the required blend of Directors with considerable experience in diverse fields such as finance, accounts and general management and business strategy. All the Directors except Independent director, are liable to retire by rotation as per the provisions of the Companies Act, 2013.

The composition and category of directors and relevant details relating to them are given below:

| | Name of the Director | Age (completed years) | Category | Board Meetings Attended during the Year 2022-23 | Attendance at the Last AGM | No. of other Directorship (as last declared to the Company) |
|---|---|---|---|---|---|---|
| 1) | Mr. Percy Birdy% | 54 | NE, NI | 9/9 | YES | 7 |
| 2) | Mr. Vipul Mathur | 53 | NE, NI | 2/9 | NO | 4 |
| 3) | Ms. Revathy Ashok | 64 | NE, I | 9/9 | YES | 11 |
| 4) | Mr. Neeraj Kant | 59 | E, NI | - | NA | 2 |

Abbreviations:
I = Independent, NI = Non Independent, E = Executive Director, NE = Non-Executive Director.

% Change in designation from Whole Time Director to the Director (Non-Executive)

To have better oversight on the project implementation, 9 meetings of the Board of Directors were held during the reporting financial year on the following dates: 20.05.2022, 14.07.2022, 28.07.2022, 25.08.2022, 30.09.2022, 01.11.2022, 27.01.2023, 31.01.2023 and 14.03.2023.

It is confirmed that there is no relationship between the Directors inter-se and none of the Directors held any share in the Company.

## 17. PARTICULARS OF EMPLOYEES

a) Details of the top 10 employees of the Company in terms of remuneration drawn and name of other employees as required pursuant to Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

| Name | Designation | Date of Birth | Age (completed years) | Joining Date | Remuneration FY 22-23 | Previous Experience (Years) | Previous Company | Qualification | Nature of Employment | % Of Equity Shares held in the Company | Relative of any Director/ Manager of the Company |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Dinesh Kalantri | Senior Vice President | 11-10-1966 | 57 | 01-04-2021 | 69,16,502 | 28 | Grasim Industrial Ltd | M.Com, ICWA | Full time | Nil | No |
| Abhijit Ghosh* | Retainer Assistant Vice President | 23-02-1962 | 61 | 11-04-2022 | 50,57,500 | 34 | Electro Steel Casting Ltd | BE- Metallurgy, ME Metallurgy | Full time Retainer | Nil | No |
| Kamal Narain Pandey | Deputy General Manager | 13-01-1971 | 52 | 01-04-2021 | 30,63,486 | 20 | INI & Power Ltd | BE (Mechanical), MBA - Operations Management | Full time | Nil | No |
| Prodyot Bhattacharjee* | Deputy General Manager | 13-12-1968 | 54 | 18-04-2022 | 29,64,538 | 25 | Tambo Steels | BE (Industrial Automation) | Full time | Nil | No |
| Niranjan Verma | Senior General Manager | 03-07-1963 | 59 | 01-04-2021 | 28,31,384 | 20 | Gujarat Floro Chemicals Ltd | B.Com, MBA is Supply Chain Management | Full time | Nil | No |
| Vijay Khanzode* | Vice President | 20-03-1972 | 51 | 02-01-2023 | 27,19,905 | 29 | Vedanta ESL | BE (Metallurgy), Diploma in Business Administration | Full time | Nil | No |
| Aditya Shaleen | General Manager | 02-01-1984 | 39 | 30-11-2021 | 25,07,774 | 15 | Tata Metallics | BE (Metallurgy) | Full time | Nil | No |
| Sachin Apte | Assistant Vice President | 05-12-1965 | 57 | 10-08-2022 | 23,70,500 | 35 | MISCO | B.Com., Masters of Material Management | Full time | Nil | No |
| Mahesh Matolia* | Retainer Assistant Vice President | 15-08-1962 | 61 | 01-09-2022 | 22,16,669 | 34 | JSW Steels | BE (Industrial Safety), MS | Full time Retainer | Nil | No |
| Sanjay Kumar Thakur* | General Manager | 09-09-1976 | 47 | 26-12-2022 | 6,46,107 | 21 | Indorama Pvt Ltd | B.Sc, Diploma in Human Resources | Full time | Nil | No |

* Employed for part of the year and remuneration considered from joining date to March 31, 2023.

a) Whole Time Director (Mr. Neeraj Kant (DIN: 06598469)) of the Company was not in receipt of any remuneration, commission from the Company as he was in receipt of remuneration from the holding company.

b) No remuneration was paid / payable to the executive Director of the Company for the financial year 2022-23.

c) No remuneration or perquisite was paid to, and no service contract was entered into with, or stock options granted to any non-executive director, but the sitting fees were paid / payable to the following directors for attending meetings of Board / Committees of the Board and General Meetings.

| | Name of the Director | (Rs.) |
|---|---|---|
| 1 | Ms. Revathy Ashok | 90,000 |

Save and except as disclosed in the financial statements none of the Directors or Key Managerial Personnel had any pecuniary relationships or transactions vis-à-vis the Company.

## 18. PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS MADE / GIVEN BY THE COMPANY

No loan or guarantee was given by the Company during the financial year 2022-23.

The Company holds equity shares of Welspun Captive Power Generation Limited amounting to Rs. 0.76 Crore (fair value) as the captive user of the power produced by Welspun Captive Power Generation Limited and also hold equity shares of Clean Max Dhyuthi Private Limited amounting to Rs. 7.59 Crore (fair value).

The Long-term investments are made in associate company for business expansion, business transformation as per the object clause in the Memorandum of the Company.

## 19. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

All the transactions with the related parties that were entered into during the year under report were on an arm's length basis and were in the ordinary course of business. The disclosure of material related party transactions as required under Section 134(3) (h) of the Act in Form AOC-2 for financial year 2022-23 is annexed to this Report as **Annexure 3**. Details of related party transactions entered into by the Company, in terms of Ind AS-24 have also been disclosed in the Note No. 34 of the financial statements.

## 20. ANNUAL RETURN

As the Company does not have its own website, the Annual Return in Form MGT-7 of the Companies (Management and Administration) Rules, 2014 is not being hosted.

## 21. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

**(A) Conservation of energy–**

| | | |
|---|---|---|
| (i) | the steps taken or impact on conservation of energy | Waste Heat Recovery Boiler ("WHRB") installed, which converts the waste obtaining from cock oven to steam energy for using in power plant. |
| (ii) | the steps taken by the company for utilising alternate sources of energy; | 1) Gas which is generated in Blast Furnace ("BF") is being used in boilers at power plant.<br>2) WHRB generated steam is also being used in used at power plants. |
| (iii) | the capital investment on energy conservation equipments; | **Rs.44.68 Crores** |

## (B) Technology absorption:-

| | | |
|---|---|---|
| (i) | The efforts made towards technology absorption | 1) WHRB has been commissioned and is functional.<br>2) BF gas line to power plant is also commissioned and system is fully functional. |
| (ii) | The benefits derived like product improvement, cost reduction, product development or import substitution; | 1) External treatment of metal into ladle to meet customized requirement of pig marketing and same time save us coke rate and increase production efficiency.<br>2) Use of Mill scale, imported quick lime in sinter making and BHQ in Blast Furnace are cost saving initiatives.<br>3) Coke moisture control from 6% to below 4% by process improvement - impact carbon foot print control and energy saving in BF. |
| (iii) | In case of imported technology (imported during the last three years reckoned from the beginning of the financial year) - | |
| (a) | The details of technology imported | • BF Plant - The equipment used for Turbo blower, PCI plant, BLT are imported from China. Mud Gun is imported from Ukraine.<br>• Sinter Plant- All equipment are imported from China.<br>• Oxygen Plant- All equipment are imported from China.<br>• Cock Oven Plant - All equipment are imported from China. |
| (b) | The year of import | 2021-22 |
| (c) | Whether the technology been fully absorbed. If not fully absorbed, areas where absorption has not taken place, and the reasons thereof: | Both WHRB and BF gas to power plant is functional and based on requirement of power plant it is regulated on time-to-time basis. |
| (d) | The expenditure incurred on Research and Development | None. WHRB is CAPEX project and BF gas to power plant has been in house development. |

Total foreign exchange used and earned:

Used : Rs. 437.82 Crore

Earned : Rs. 151. 89 Crore

## 22. INTERNAL CONTROLS & RISK MANAGEMENT

Your Company has adequate systems for risk management and internal control, which are commensurate with the size, scale and complexity of its operations.

The controls were tested during the year under Report and no reportable material weaknesses either in their design or operations were observed. In other observations, appropriate corrective actions were taken as advised by the Board.

At the beginning of each financial year, a risk-based annual audit plan is rolled out after it is approved by the Board. The audit plan aims to evaluate the efficacy and adequacy of the internal control system(s) and compliance(s) thereof, robustness of internal processes, policies and accounting procedures, compliance with laws and regulations.

The Internal Audit is carried by independent external audit firm consisting of qualified accountants, domain & industry experts, fraud risk and information technology specialists.

Based on the reports of internal auditor, corrective actions are taken, wherever required. Significant audit observations and corrective actions thereon are presented to the Board.

Broad categories of risks which may threaten the existence of the Company are Commodity Price Risk, Increased Competition, Business Interruptions, Maintenance Risk, Non-availability of skilled manpower.

## 23. DETAILS OF ESTABLISHMENT OF VIGIL MECHANISM FOR DIRECTORS AND EMPLOYEES/WHISTLE BLOWER POLICY

The Board has adopted vigil mechanism in the form of Whistle Blower Policy, to deal with instances of fraud or unethical behavior or misconduct etc. and no persons had been denied access to the Directors of the Company. The Whistle Blower Policy provide adequate safeguard against victimization and even the disclosures expressed anonymously may be considered. During the year under review, 1 Protected Disclosures under the Whistle Blower Policy and Vigil Mechanism of the Company, was received. The Preliminary enquiry revealed that there was no financial loss to the Company and no individual involvement in unethical act.

## 24. MISCELLANEOUS DISCLOSURES

During the year under Report, there was no change in the general nature of business of your Company.

No material change has occurred or commitment made which would have affected the financial position of your Company between the end of the financial year of your Company to which the financial statements relate and the date of the Report.

No significant and material order was passed by the regulators or courts or tribunals which would have impacted the going concern status and your Company's operations in future.

There are no proceedings, either filed by the Company or filed against the Company, pending under the Insolvency and Bankruptcy Code, 2016 as amended, before the National Company Tribunal or other Courts as at the end of the financial year 2022-23.

Your Company has not made any provision of money for the purchase of, or subscription for, shares in your Company or its holding company, to be held by or for the benefit of the employees of your Company and hence the disclosure as required under Rule 16(4) of Companies (Share Capital and Debentures) Rules, 2014 is not required.

The Board of Directors affirms that the Company has complied with the applicable Secretarial Standards issued by the Institute of Companies Secretaries of India (SS-1 and SS-2) respectively relating to the Meetings of the Board & its Committees and the General Meetings, which have mandatory application.

The Company has not made any one-time settlement for loans taken from the Banks or Financial Institutions, and hence the details of difference between amount of the valuation done at the time of one time settlement and the valuation done while taking loan from the Banks or Financial Institutions along with the reasons thereof is not applicable.

There was no revision of financial statements and Board's Report of the Company during the year under review.

The Company has complied with provisions relating to the constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The ICC comprises of internal as well external members.

Disclosure of number of complaints filed, disposed of and pending in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 as on the end of the financial year under Report are as under:

- number of complaints filed during the financial year : One
- number of complaints disposed of during the financial year : One
- number of complaints pending as on end of the financial year : Nil

The Company has organized induction training for new joiners, online training and refresher modules, virtual and classroom trainings, emailers and posters to sensitize the employees to conduct themselves in manner compliant with the POSH Policy.

## 25. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134(3)(c) & 134(5) of the Companies Act, 2013, your Directors hereby confirm that:

a. in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;

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b. the directors had selected such accounting policies 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 and loss of the Company for that period;

c. the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d. the directors had prepared the annual accounts on a going concern basis;

e. the directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and

f. the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

## 26. ACKNOWLEDGEMENT

Your directors express their deep sense of gratitude to all stakeholder, bankers, business Associates, contractors, customers, employees, government authorities, suppliers for the support received from them during the year and look forward to their continued assistance in future.

**For and on behalf of the Board of Directors**

| | | |
|---|---|---|
| | Percy Birdy | Neeraj Kant |
| | **Director & CFO** | **Whole Time Director** |
| May 23, 2023 | DIN – 07634795 | DIN: 06598469 |
| | **Place: Mumbai** | **Place : Anjar** |

# SECRETARIAL AUDIT REPORT

**Form No. MR-3**

For the financial year ended on March 31, 2023

*[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]*

To,
The Members,
**WELSPUN METALLICS LIMITED**

**Registered Office:** Survey No. 650, Welspun City, Village Versamedi, Taluka-Anjar, District-Kutch, Anjar-370110, Gujrat, India.

**CIN: U27100GJ2020PLC115168**

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **WELSPUN METALLICS LIMITED** (hereinafter called the Company) for the Financial Year 2022-2023. Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on **March 31, 2023** complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2023 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the Rules made there under;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made there under: - *(to the extent applicable during the period under review)*

(iii) The Depositories Act, 1996 and the Regulations and Bye-Laws framed there under; (*to the extent applicable during the period under review*)

(iv) Foreign Exchange Management Act, 1999 and the Rules and Regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings; (*to the extent applicable during the period under review*)

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):

(a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (***not applicable during the period under review***);

(b) The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021; (***not applicable during the period under review***);

(c) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; (***not applicable during the period under review***);

(d) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (***not applicable during the period under review***);

(e) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; (***not applicable during the period under review***);

(f) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 and The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021; (***not applicable during the period under review***)

(g) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; (***to the extent applicable during the period under review***);

(h) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021; (***not applicable during the period under review***);

(i) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 (***not applicable during the period under review***);

(j) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (***not applicable during the period under review***);

(vi) We have relied on the representations made by the Company and its officers for systems and mechanism formed by the Company for compliances under other applicable Acts, Laws and Regulations to the Company.

As per management representation in writing received by us stating that during audit period, the Company has adequate and proper compliance mechanism system in place for compliance of laws applicable, as mentioned herein below:

- Labour laws and other incidental laws related to wages, gratutiy, provident fund, Employees State Insurance Corporation, compensation, etc.
- Direct and indirect taxes.
- Electricity Act, Environment protection related acts, Explosives Act, Motor Vehicle Act, Energy Conservation related Acts, Indian boilers Act, Fire prevention and Life Safety Related Acts.
- Factories Act, 1948 along with local factories Act and rules.
- Food Safety & Standards Act.
- Industrial Disputes Act.
- Legal Metrology Act.
- Gujarat Industrial Relations Act and other local Acts.

We have also examined compliance with the applicable Clauses of the following:

(i) The Company has complied with Secretarial Standards pursuant to Section 118(10) of the Companies Act, 2013 with regard to Members Meeting and Board of Directors Meetings.

**We further report that:**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

1. Mr. Harish Chandra Gupta resigned as the Director of the Company with effect from May 13, 2022.
2. Mr. Vipul Mathur resigned as the Whole-Time Director and Chief Financial Officer of the Company with effect from May 20, 2022.
3. There was Change in Designation of Mr. Vipul Mathur to Non-Executive Director with effect from May 20, 2022.
4. Mr. Vipul Mathur resigned as the Chief Financial Officer of the Company with effect from May 20, 2022.
5. There was Change in Designation of Mr. Percy Birdy as the Whole-Time Director and appointment as Chief Financial Officer of the Company with effect from May 20, 2022.
6. Mr. Pradeep Joshi was appointed as the Company Secretary of the Company with effect from May 20, 2022.
7. Mr. Arpit Bhandari resigned as the Company Secretary of the Company with effect from May 20, 2022.
8. There was change in designation of Ms. Revathy Ashok from Additional Independent Non-Executive Director to Independent Non-Executive Director and be and is hereby appointed as an Independent Director of the Company with effect from March 16, 2022 to hold office till March 15, 2027.

Adequate notice is given to all the Directors to schedule the Board Meetings and Committee Meetings agenda and detailed notes on agenda were sent at least seven days in advance or with due consents for shorter notice from the Directors and adequate system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

**We further report that** during the audit period under review the Company:

1. The Company in its Extra-Ordinary General Meeting held on July 13, 2022 increased its Authorized Share Capital from Rs. 3,00,00,00,000 (Rupees Three Hundred Crores only) divided into 8,80,00,000 (Rupees Eight Crore Eight Lakh) Equity Shares of Rs. 10 (Rupees Ten only) each and 21,20,00,000 (Twenty One Crore Twenty Lakh) Preference Shares of Rs. 10 (Rupees Ten only) each to Rs. 4,60,00,00,000 (Rupees Four Hundred Sixty Crores only) divided into 11,80,00,000 (Eleven Crore Eight Lakh) Equity Shares of Rs. 10 (Rupees Ten only) each and 34,20,00,000 (Thirty Four Crore Twenty Lakh) Preference Shares of Rs. 10 (Rupees Ten only) each.
2. The Company in its Extra-Ordinary General Meeting held on August 25, 2022 increased its Authorized Share Capital from Rs. 4,60,00,00,000 (Rupees Four Hundred Sixty Crores only) divided into 11,80,00,000 (Eleven Crore Eight Lakh) Equity Shares of Rs. 10 (Rupees Ten only) each and 34,20,00,000 (Thirty Four Crore Twenty Lakh) Preference Shares of Rs. 10 (Rupees Ten only) each to Rs. 5,00,00,00,000/- (Rupees Five Hundred Crore only) divided into 13,00,00,000 (Thirteen Crore) Equity Shares of Rs.10 (Rupees Ten Only) each and 37,00,00,000 (Thirty Seven Crore) Preference Shares of Rs.10 (Rupees Ten Only) each.
3. The Company in the Board Meeting held on August 25, 2022 converted short term loan of Rs. 32,98,90,000 (Rupees Thirty Two Crore Ninety Eight Lakh and Ninety Thousand only) of Welspun Corp Limited into the Equity Shares by allotting 3,29,89,000 (Three Crore Twenty Nine Lakhs and Eighty Nine Thousand) Equity Shares of face value of Rs. 10 (Rupees Ten only) each at a price of Rs. 10 (Rupees Ten only) each, aggregating to 32,98,90,000 (Rupees Thirty Two Crore Ninety Eight Lakh and Ninety Thousand only) in one or more tranches.
4. The Company in the Board Meeting held on August 25, 2022 converted part of short term loan of Rs. 1,30,00,00,000 (Rupees One Hundred Thirty Crore only) of Welspun Corp Limited into the Preference Shares by allotting 13,00,00,000 (Thirteen Crore) 8% Convertible, Non-Cumulative, Optionally Redeemable Preference Shares ("CORPS") of Rs.10 (Rupees Ten only) each fully paid up aggregating to Rs. 1,30,00,00,000 (Rupees One Hundred Thirty Crore only) in one or more tranches.
5. The Company in the Board Meeting held on March 14, 2023 considered and approved the drafts scheme of amalgamation pursuant to Section 230-232 of the Companies Act, 2013 of Welspun Metallics Limited ("The Transferor Company") with Welspun Corp Limited ("The Transferee Company") and their respective Shareholders.
6. The Company in the Board Meeting held on March 14, 2023 converted Capex Loan of Rs. 11,00,00,000 (Rupees Eleven Crores only) into the Preference Shares by allotting 1,10,00,000 (One

Crore Ten Lakhs) 8% Convertible, Non-Cumulative, Optionally Redeemable Preference Shares ("CORPS") of Rs.10 (Rupees Ten only) each fully paid up to Welspun Corp Limited.

**We further report that:**

There are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable Laws, Rules, Regulations and guidelines.

**For MNB & Co. LLP**
**Practicing Company Secretaries**

**CS Maithili Nandedkar**
**Partner**
FCS: 8242, C P No. 9307
UDIN: F008242E000328254
Peer Reviewed Firm No. 1259/2021

**Place: Mumbai**
**Date: 23.05.2023**

*Note: This report is to be read with our letter of even date which is annexed as Annexure herewith and forms and integral part of this report.*

Annexure 2

# Form AOC-I

(Pursuant to first proviso to sub-section (3) of section 129 read with Rule 5 of Companies (Accounts) Rules, 2014)

**Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures**

**PART A Subsidiaries - NIL**

(Information in respect of each subsidiary to be presented with amounts in Rupees in crores)

1. Names of subsidiary or associates which are yet to commence operations: NIL

2. Names of subsidiaries which have been liquidated or sold during the year - NA

**Part B Associates and Joint Ventures**

| SI. No. | 1 |
|---|---|
| Name of the joint ventures / associates | Clean Max Dhyuti Private Limited@ |
| 1. Latest audited Balance Sheet date | 31.03.2023 |
| 2. Date on which the Associate or Joint Venture was associated or Acquired | 28.07.2022 |
| 3. Shares of Associate/Joint Ventures held by the company on the year end | |
| Numbers of Shares | 48,599 |
| Amount of Investments | Rs. 7.59 crore |
| Extend of Holding % | 26.00% |
| 4. Description of how there is significant influence | NA |
| 5. Reason why the associate/joint venture is not consolidated | Under Second provision to Rule 6 of Companies (Accounts) Rules, 2014, the company being an intermediate wholly owned subsidiary, consolidation of financial statement is not applicable. |
| 6. Net worth attributable to Shareholding as per latest audited Balance Sheet | Rs. 7.59 crore |
| 7. Profit / (Loss) for the year | |
| Considered in Consolidation | - |
| Not Considered in Consolidation | - |

@ Associate Company

1. Names of associates or joint ventures which are yet to commence operations - NIL
2. Names of associates or joint ventures which have been liquidated or sold during the year - NA

For and on behalf of the Board

**Vipul Mathur**
Director
DIN : 07990476
**Place : Anjar**

**Percy Birdy**
Director & Chief Financial Officer
DIN : 07634795
**Place : Mumbai**

**Neeraj Kant**
Whole Time Director
DIN : 06598469
**Place : Anjar**

**Pradeep Joshi**
Company Secretary
FCS – 4959
**Place – Mumbai**

May 23, 2023

**Welspun Metallics Limited**
Regd. Off: Survey No. 650, Welspun City, Village Versamedi, Taluka Anjar, Dist. Kutch, Anjar, Kachchh, Gujarat - 370110
Tel: +91 22 6613 6000/ 2490 8000 F: +91 22 2490 8020
E-mail: companysecretary_wml@welspun.com
Corporate Identification Number: U27100GJ2020PLC115168

WELSPUN METALLICS
Iron & Steel

Annexure 3

## Form No. AOC-2

**(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)**

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto.

### 1. Details of contracts or arrangements or transactions not at arm's length basis. :

The Company has not entered in to any contracts or arrangement or transaction with its related parties which is/are not at arm's length during financial year 2022-23.

### 2. Details of material contracts or arrangement or transactions at arm's length basis:

| Sr No | Name(s) of the related party and nature of relationship | Nature of Contracts/arrangements/transactions | Duration of the contracts / arrangements/ transactions | Salient terms of the contracts or arrangements or transactions including the value, if any | Date(s) of approval by the Board, if any | Amount paid as advances, if any: | Amount (Rs. Crores) |
|---|---|---|---|---|---|---|---|
| | **Sale of materials other than CWIP** | | | | | | |
| 1 | Welspun Corp Limited - Holding company | Sale of goods | Transactional | Sale of Finished goods, Scrap & Stores Spares | 16-03-2022 | - | 8.71 |
| 2 | Welspun India Limited - Other related party | Sale of goods | Transactional | Sale of By products | 16-03-2022 | - | 16.49 |
| 3 | Welspun DI Pipes Limited - Fellow subsidiary | Sale of goods | Transactional | Sale of Finished goods, Stores spares | 16-03-2022 | - | 276.38 |
| 4 | Welspun Captive Power Generation Limited - Other related party | Sale of goods | Transactional | Sale of By products | 16-03-2022 | - | 3.87 |
| | **Sale of Land** | | | | | | |
| 5 | Welspun DI Pipes Limited | Sale of land | Transactional | Sale of land | 16-03-2022 | - | 0.88 |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| | **Additions to capital work in progress** | | | | | | |
| 6 | Welspun Corp Limited - Holding company | Purchase of goods & services | Transactional | Purchase of Machinery Parts & Machinery Structure | 16-03-2022 | - | 10.8 |
| 7 | Welspun India Limited - Other related party | Purchase of goods & services | Transactional | Purchase of Machinery Parts & Machinery Structure | 16-03-2022 | - | 1.16 |
| 8 | Welspun Captive Power Generation Limited - Other related party | Purchase of goods & services | Transactional | Purchase of Machinery Parts & Machinery Structure | 16-03-2022 | - | 2.43 |
| 9 | Welassure Private Limited - Other related party | Purchase of goods & services | Transactional | Purchase of Machinery Parts & Machinery Structure | 16-03-2022 | - | 0.96 |
| 10 | Welspun DI Pipes Limited – Fellow subsidiary | Purchase of goods & services | Transactional | Purchase of Machinery Parts & Machinery Structure | 16-03-2022 | - | 0.72 |
| 12 | Welspun Global Brands Limited - Other related party | Purchase of goods & services | Transactional | Purchase of Machinery Parts & Machinery Structure | 16-03-2022 | - | 0.52 |
| 14 | Welspun Global Services Limited - Other related party | Purchase of goods & services | Transactional | Purchase of Machinery Parts & Machinery Structure | 16-03-2022 | - | 0.03 |
| 16 | Welspun DI Pipes Limited - Fellow subsidiary | Purchase of goods & services | Transactional | Purchase of Machinery Parts & Machinery Structure | 16-03-2022 | - | 1.73 |
| | **Purchases of goods & services** | | | | | | |
| 17 | Welspun Corp Limited - Holding company | Purchase of goods & services | Transactional | Purchase of Raw Material, Stores & Spares | 16-03-2022 | - | 142.61 |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| 18 | Welspun India Limited - Other related party | Purchase of goods & services | Transactional | Purchase of Stores & Spares, Water & Gases | 16-03-2022 | - | 9.09 |
| 19 | Welassure Private Limited - Other related party | Purchase of goods & services | Transactional | Purchase of Services | 16-03-2022 | - | 14.22 |
| 20 | Welspun Captive Power Generation Limited - Other related party | Purchase of goods & services | Transactional | Purchase of power | 16-03-2022 | - | 7.23 |
| 21 | Welspun Global Brands Limited - Other related party | Purchase of goods & services | Transactional | Purchase of DFGT Licenses & Other services | 16-03-2022 | - | 7.5 |
| 22 | Welspun Global Services Limited - Other related party | Purchase of goods & services | Transactional | Purchase of Services | 16-03-2022 | - | 0.04 |
| 25 | Welspun DI Pipes Limited - Fellow subsidiary | Purchase of goods & services | Transactional | Purchase of Stores & Spares, Consumables & Services | 16-03-2022 | - | 0.29 |
| | **Purchase of Land** | | | | | | |
| 26 | Welspun Corp Limited - Holding company | Purchase of land | Transactional | Purchase of land | 16-03-2022 | - | 4.5 |
| 27 | Welspun India Limited - Other related party | Purchase of land | Transactional | Purchase of land | 01-11-2022 | - | 0.23 |
| | **Finance cost** | | | | | | |
| 28 | Welspun Corp Limited - Holding company | Finance cost paid | Transactional | Interest Paid & Corporate Guarantee charges | 16-03-2022 | - | 17.8 |
| | **Rent paid** | | | | | | |
| 29 | Welspun Corp Limited - Holding company | Rent paid | Transactional | Rent paid | 16-03-2022 | - | 0.02 |

For and on behalf of Board of Directors

**Percy Birdy**
Director & CFO
DIN : 07634795
**Place : Mumbai**

Neeraj Kant

**Neeraj Kant**
Whole Time Director
DIN: 06598469
**Place : Anjar**

# Price Waterhouse Chartered Accountants LLP

**Independent Auditor's Report**

**To the Members of Welspun Metallics Limited**

**Report on the Audit of the Financial Statements**

**Opinion**

1. We have audited the accompanying financial statements of Welspun Metallics Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2023, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023, and total comprehensive income (comprising of loss and other comprehensive income), changes in equity and its cash flows for the year then ended.

**Basis for Opinion**

3. We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. 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 Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Other Information**

4. The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Directors' Report, but does not include the financial statements and our auditor's report thereon.

   Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

   In connection with our audit of the financial statements, 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, 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.

Price Waterhouse Chartered Accountants LLP
LLPIN AAC-5001
Chartered Accountants
FRN 012754N/N500016
Mumbai

*Price Waterhouse Chartered Accountants LLP, 252, Veer Savarkar Marg, Shivaji Park, Dadar (West)*
*Mumbai - 400 028*
*T: +91 (22) 66691500, F: +91 (22) 66547804 / 07*

Registered office and Head office: Sucheta Bhawan, 11A Vishnu Digambar Marg, New Delhi 110 002

Price Waterhouse (a Partnership Firm) converted into Price Waterhouse Chartered Accountants LLP (a Limited Liability Partnership with LLP identity no: LLPIN AAC-5001) with effect from July 25, 2014. Post its conversion to Price Waterhouse Chartered Accountants LLP, its ICAI registration number is 012754N/N500016 (ICAI registration number before conversion was 012754N)

### Responsibilities of management and those charged with governance for the financial statements

5. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

6. In preparing the financial statements, management is 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

### Auditor's responsibilities for the audit of the financial statements

7. 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 SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

8. As part of an audit in accordance with SAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

   - Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

   - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.

   - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

   - Conclude on the appropriateness of management's 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

Price Waterhouse Chartered Accountants LLPIN AAC-5001 Chartered Accountants FRN 012754N/N500016 Mumbai ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

9. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**Report on other legal and regulatory requirements**

10. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

11. As required by Section 143(3) of the Act, we report that:

    (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

    (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

    (c) The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the Statement of Changes in Equity and the Statement of Cash Flows dealt with by this Report are in agreement with the books of account.

    (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act.

    (e) On the basis of the written representations received from the directors as on March 31, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2023 from being appointed as a director in terms of Section 164(2) of the Act.

    (f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".

    (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:

        i. The Company does not have any pending litigations which would impact its financial position as at March 31, 2023.

        ii. The Company was not required to recognise a provision as at March 31, 2023 under the applicable law or accounting standards, as it does not have any material

Price Waterhouse Chartered Accountants LLP
LLPIN AAC-5001
Chartered Accountants
FRN 012754N/N500016
Mumbai

foreseeable losses on long-term contract. The Company did not have any derivative contracts as at March 31, 2023.

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended March 31, 2023.

iv. (a) The management has represented that, to the best of its knowledge and belief, as disclosed in the notes to the accounts, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries (Refer Note 42(vii) to the financial statements);

(b) The management has represented that, to the best of its knowledge and belief, as disclosed in the notes to the accounts, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries (Refer Note 42(vii) to the financial statements); and

(c) Based on such audit procedures that we considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material misstatement.

v. The Company has not declared or paid any dividend during the year.

vi. As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 (as amended), which provides for books of account to have the feature of audit trail, edit log and related matters in the accounting software used by the Company, is applicable to the Company only with effect from financial year beginning April 1, 2023, the reporting under clause (g) of Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), is currently not applicable.

12. The Company has not paid/ provided for managerial remuneration during the year. Accordingly, reporting under Section 197(16) of the Act is not applicable to the Company.

For Price Waterhouse Chartered Accountants LLP
Firm Registration Number: 012754N/N500016

Ali Akbar
Partner
Membership Number: 117839
UDIN: 23117839BGSNGQ8464

Place: Mumbai
Date: May 23, 2023

## Report on the Internal Financial Controls with reference to Financial Statements under clause (i) of sub-section 3 of Section 143 of the Act

1. We have audited the internal financial controls with reference to financial statements of Welspun Metallics Limited ("the Company") as of March 31, 2023 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

## Management's Responsibility for Internal Financial Controls

2. The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ("the Guidance Note") issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

## Auditor's Responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing deemed to be prescribed under Section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system with reference to financial statements.

## Meaning of Internal Financial Controls with reference to financial statements

6. A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in

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Mumbai

accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### Inherent Limitations of Internal Financial Controls with reference to financial statements

7. Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### Opinion

8. In our opinion, the Company has, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2023, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by ICAI.

For Price Waterhouse Chartered Accountants LLP
Firm Registration Number: 012754N/N500016

Ali Akbar
Partner
Membership Number: 117839
UDIN: 23117839BGSNGQ8464

Place: Mumbai
Date: May 23, 2023

i. (a) (A) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of property, plant and equipment.

(B) The Company is maintaining proper records showing full particulars of intangible assets.

(b) The property, plant and equipment are physically verified by the management according to a phased programme designed to cover all the items over a period of 3 years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the property, plant and equipment has been physically verified by the Management during the year and no material discrepancies have been noticed on such verification.

(c) The title deeds of all the immovable properties, as disclosed in Note 3 to the financial statements, are held in the name of the Company.

(d) The Company has not revalued its property, plant and equipment or intangible assets or both during the year. Consequently, the question of our commenting on whether the revaluation is based on the valuation by a registered valuer, or specifying the amount of change, if the change is 10% or more in the aggregate of the net carrying value of each class of property, plant and equipment or intangible assets does not arise.

(e) Based on the information and explanations furnished to us, no proceedings have been initiated on or are pending against the Company for holding benami property under the Prohibition of Benami Property Transactions Act, 1988 (as amended in 2016) (formerly the Benami Transactions (Prohibition) Act, 1988 (45 of 1988)) and Rules made thereunder, and therefore the question of our commenting on whether the Company has appropriately disclosed the details in its financial statements does not arise.

ii. (a) The physical verification of inventory has been conducted at reasonable intervals by the Management during the year and, in our opinion, the coverage and procedure of such verification by Management is appropriate. The discrepancies noticed on physical verification of inventory as compared to book records were not 10% or more in aggregate for each class of inventory.

(b) During the year, the Company has been sanctioned working capital limits in excess of Rs. 5 crores, in aggregate, from banks on the basis of security of current assets. The Company has not filed quarterly returns or statements with such banks for the quarters ended June 2022 and September 2022 and accordingly, to that extent, the question of our commenting on whether these returns or statements are in agreement with the unaudited books of account of the Company does not arise. The Company has filed quarterly returns or statements with such banks, for the quarters ended December 2022 and March 2023, which are not in agreement with the unaudited books of account as set out below. (Also refer Note 42(ii) to the financial statements).

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Mumbai

Rs. in Crores

| Name of the Bank/ Financial Institution | Aggregate working capital limits sanctioned | Nature of Current Asset offered as Security | Quarter ended | Amount disclosed as per quarterly return/ statement | Amount as per books of account | Difference | Reasons for difference |
|---|---|---|---|---|---|---|---|
| Bank of Baroda, Union Bank of India, Axis Bank, Yes Bank, IDFC First Bank | 925.00 | Trade Receivable, Trade payables and Inventory | 31-Dec-22<br>31-Mar-23 | (10.78)<br>(2.00) | 24.40<br>(12.77) | (35.18)<br>10.77 | Difference is on account of finalisation entries passed after the submission to the bank. |

iii. (a) The Company has made investments in one company and two mutual fund schemes. The Company has not granted secured / unsecured loans / advances in nature of loans, or stood guarantees, or provided security to any parties.

(b) In respect of the aforesaid investments, the terms and conditions under which such investments were made are not prejudicial to the Company's interest.

(c) The Company has not granted secured/ unsecured loans/advances in nature of loans, or stood guarantee, or provided security to any parties. Therefore, to this extent, the reporting under clause 3(iii)(c), (iii)(d), (iii)(e) and (iii)(f) of the Order is not applicable to the Company.

iv. In our opinion, and according to the information and explanations given to us, the Company has complied with the provisions of Section 186 of the Act in respect of investments made. The Company has not granted any loans or provided any guarantees or security to the parties covered under Section 185 and 186 of the Act.

v. The Company has not accepted any deposits or amounts which are deemed to be deposits referred in Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified.

vi. The Central Government of India has not specified the maintenance of cost records under sub-section (1) of Section 148 of the Act for any of the products of the Company.

vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing the undisputed statutory dues, including goods and services tax, provident fund, employees' state insurance, income tax, duty of customs, cess and other material statutory dues, as applicable, with the appropriate authorities.

(b) According to the information and explanations given to us and the records of the Company examined by us, there are no statutory dues referred to in sub-clause (a) which have not been deposited on account of any dispute.

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Mumbai

viii. According to the information and explanations given to us and the records of the Company examined by us, there are no transactions in the books of account that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961, that has not been recorded in the books of account.

ix. (a) According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of loans or other borrowings or in the payment of interest to any lender during the year. However, during the year, the Company has rescheduled certain repayment terms for short term loans from the holding company, which the lender has approved before the due date of such payments. Refer Note 17(b)(ii)(f) of the financial statements.

(b) According to the information and explanations given to us and on the basis of our audit procedures, we report that the Company has not been declared Wilful Defaulter by any bank or financial institution or government or any government authority.

(c) In our opinion, and according to the information and explanations given to us, the term loans have been applied for the purposes for which they were obtained, except for Rs. 6.76 crores which is pending for utilisation and are included under cash and cash equivalents. (Also refer Note 42(xiii) to the financial statements)

(d) According to the information and explanations given to us, and the procedures performed by us, and on an overall examination of the financial statements of the Company, we report that the Company has used funds raised on short-term basis aggregating Rs. 30.24 crores for long-term purposes. (Also refer Note 17(b)(iii) to the financial statements)

(e) According to the information and explanations given to us and on an overall examination of the financial statements of the Company, we report that the Company has not taken any funds from any entity or person on account of or to meet the obligations of its associate company. The Company did not have any subsidiaries or joint ventures during the year.

(f) According to the information and explanations given to us and procedures performed by us, we report that the Company has not raised loans during the year on the pledge of securities held in its associate company. The Company did not have any subsidiaries or joint ventures during the year.

x. (a) The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) during the year. Accordingly, the reporting under clause 3(x)(a) of the Order is not applicable to the Company.

(b) The Company has not made any preferential allotment or private placement of shares or fully or partially or optionally convertible debentures during the year. Accordingly, the reporting under clause 3(x)(b) of the Order is not applicable to the Company.

xi. (a) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company, noticed or reported during the year, nor have we been informed of any such case by the Management.

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Mumbai

(b) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, a report under Section 143(12) of the Act, in Form ADT-4, as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 was not required to be filed with the Central Government. Accordingly, the reporting under clause 3(xi)(b) of the Order is not applicable to the Company.

(c) During the course of our examination of the books and records of the Company carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, the Company has received whistle-blower complaints during the year, which have been considered by us for any bearing on our audit and reporting under this clause.

xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the reporting under clause 3(xii) of the Order is not applicable to the Company.

xiii. The Company has entered into transactions with related parties in compliance with the provisions of Section 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under Indian Accounting Standard 24 "Related Party Disclosures" specified under Section 133 of the Act. Further, the Company is not required to constitute an Audit Committee under Section 177 of the Act and, accordingly, to this extent, the reporting under clause 3(xiii) of the Order is not applicable to the Company.

xiv. (a) In our opinion and according to the information and explanation given to us, the Company has an internal audit system commensurate with the size and nature of its business.

(b) The reports of the Internal Auditor for the period under audit have been considered by us.

xv. The Company has not entered into any non-cash transactions with its directors or persons connected with him. Accordingly, the reporting on compliance with the provisions of Section 192 of the Act under clause 3(xv) of the Order is not applicable to the Company.

xvi. (a) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the reporting under clause 3(xvi)(a) of the Order is not applicable to the Company.

(b) The Company has not conducted non-banking financial / housing finance activities during the year. Accordingly, the reporting under clause 3(xvi)(b) of the Order is not applicable to the Company.

(c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, the reporting under clause 3(xvi)(c) of the Order is not applicable to the Company.

(d) Based on the information and explanations provided by the management of the Company, the Group has three CICs as part of the Group as detailed in Note 43 to the financial statements. We have not, however, separately evaluated whether the information provided by the management is accurate and complete.

xvii. The Company has incurred cash losses of Rs. 300.55 crores in the financial year and of Rs. 9.64 crores in the immediately preceding financial year.

Price Waterhouse Chartered Accountants LLP
LLPIN AAC-5001
Chartered Accountants
FRN 012754N/N500016
Mumbai

xviii. There has been no resignation of the statutory auditors during the year and accordingly the reporting under clause 3(xviii) of the Order is not applicable.

xix. According to the information and explanations given to us and on the basis of the financial ratios (Also refer Note 41 to the financial statements), ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date will get discharged by the Company as and when they fall due. Also Refer Note 40 to the financial statements.

xx. The provisions relating to Corporate Social Responsibility under Section 135 of the Act are not applicable to the Company. Accordingly, reporting under clause 3(xx) of the Order is not applicable to the Company.

xxi. The reporting under clause 3(xxi) of the Order is not applicable in respect of audit of Standalone Financial Statements. Accordingly, no comment in respect of the said clause has been included in this report.

For Price Waterhouse Chartered Accountants LLP
Firm Registration Number: 012754N/N500016

Ali Akbar
Partner
Membership Number: 117839
UDIN: 23117839BGSNGQ8464

Place: Mumbai
Date: May 23, 2023

**Welspun Metallics Limited**
**Financial statements for the year ended March 31, 2023**

Financial statements

- Balance sheet as at March 31, 2023
- Statement of profit and loss for the year ended March 31, 2023
- Statement of changes in equity for the year ended March 31, 2023
- Statement of cash flows for the year ended March 31, 2023
- Notes comprising significant accounting policies and other explanatory information

**Welspun Metallics Limited**
**Balance sheet**
*(All amounts in Rupees crores, unless otherwise stated)*

| | Notes | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | 3 | 1,333.11 | 49.45 |
| Capital work-in-progress | 3 | 56.92 | 829.40 |
| Intangible assets | 3 | 5.56 | - |
| Financial assets | | | |
| Investments | 4 | 8.35 | 0.67 |
| Other financial assets | 5 | 0.07 | 0.06 |
| Deferred tax assets (net) | 11 | 58.15 | - |
| Other non-current assets | 7 | 5.82 | 156.76 |
| **Total non-current assets** | | **1,467.98** | **1,036.34** |
| **Current assets** | | | |
| Inventories | 8 | 370.22 | - |
| Financial assets | | | |
| Trade receivables | 13 | 242.42 | - |
| Cash and cash equivalents | 10(a) | 27.50 | 4.94 |
| Bank balances other than cash and cash equivalents | 10(b) | 43.26 | 0.03 |
| Other financial assets | 6 | 1.20 | 2.66 |
| Current tax assets | 12 | 0.41 | 0.22 |
| Other current assets | 9 | 188.16 | 3.24 |
| **Total current assets** | | **873.17** | **11.09** |
| **Total assets** | | **2,341.15** | **1,047.43** |
| **EQUITY AND LIABILITIES** | | | |
| **Equity** | | | |
| Equity share capital | 14(a) | 118.00 | 85.01 |
| Instruments entirely equity in nature | 14(b) & (c) | 353.00 | 212.00 |
| **Other equity** | | | |
| Reserves and surplus | 14(d) | (284.96) | (13.88) |
| Other reserve | 14(e) | 0.15 | (0.32) |
| **Total equity** | | **186.19** | **282.81** |
| **LIABILITIES** | | | |
| **Non-current liabilities** | | | |
| Financial liabilities | | | |
| Borrowings | 17(a) | 1,175.28 | 278.15 |
| Provisions | 18(a) | 0.86 | 0.68 |
| Government grants | 19 | 57.61 | - |
| **Total non-current liabilities** | | **1,233.75** | **278.83** |
| **Current liabilities** | | | |
| Financial liabilities | | | |
| Borrowings | 17(b) | 58.81 | 299.42 |
| Trade Payables | 15(a) | | |
| total outstanding dues of micro and small enterprises | | 0.45 | - |
| total outstanding dues other than above | | 757.45 | 0.46 |
| Other financial liabilities | 15(b) | 88.32 | 183.64 |
| Provisions | 18(b) | 0.74 | 0.43 |
| Government grants | 19 | 3.05 | - |
| Other current liabilities | 16 | 12.39 | 1.84 |
| **Total current liabilities** | | **921.21** | **485.79** |
| **Total liabilities** | | **2,154.96** | **764.62** |
| **Total equity and liabilities** | | **2,341.15** | **1,047.43** |

The above balance sheet should be read in conjunction with the accompanying notes.

This is the balance sheet referred to in our report of even date.

**For Price Waterhouse Chartered Accountants LLP**
Firm Registration No: 012754N / N500016

**Ali Akbar**
Partner
Membership No. 117839

Place: Mumbai
Date: May 23, 2023

**For and on behalf of the Board**

**Vipul Mathur**
Director
DIN : 07990476
Place: Anjar

**Percy Birdy**
Director and Chief Financial officer
DIN: 07634795
Place: Mumbai

**Neeraj Kant**
Director
DIN : 06598469
Place: Anjar
Date: May 23, 2023

**Pradeep Joshi**
Company Secretary
FCS-4959
Place: Mumbai

**Welspun Metallics Limited**
**Statement of profit and loss**
*(All amounts in Rupees crores, unless otherwise stated)*

| | Notes | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|---|
| Revenue from operations | 20 | 968.72 | 62.88 |
| Other income | 21 | 0.93 | 0.07 |
| **Total income** | | **969.65** | **62.95** |
| **Expenses** | | | |
| Cost of materials consumed | 22 | 1,192.31 | - |
| Purchases of stock-in-trade | 23 | - | 63.70 |
| Changes in inventories of work-in-progress and finished goods | 24 | (154.72) | - |
| Employee benefit expenses | 25 | 28.21 | 3.17 |
| Depreciation and amortisation expense | 28 | 28.76 | 0.30 |
| Other expenses | 26 | 138.84 | 4.46 |
| Finance costs | 27 | 65.68 | 1.99 |
| **Total expenses** | | **1,299.08** | **73.62** |
| **Loss before tax** | | **(329.43)** | **(10.67)** |
| **Income tax expense** | | | |
| - Current tax | 29(b) | - | - |
| - Deferred tax | 29(b) | 58.27 | - |
| **Total income tax expense** | | **58.27** | **-** |
| **Loss after tax for the year (A)** | | **(271.16)** | **(10.67)** |
| **Other comprehensive income (B)** | | | |
| **Items that may be reclassified to profit or loss** | | | |
| Deferred gains/ (losses) on cash flow hedges (net) | 14(e) | 0.57 | (0.32) |
| Income tax relating to this item | | (0.10) | - |
| **Items that will not be reclassified to profit or loss** | | | |
| Remeasurements of post employment benefit obligations | 18(b) | 0.10 | (0.13) |
| Income tax relating to this item | | (0.02) | - |
| **Other comprehensive income for the year, net of tax (B)** | | **0.55** | **(0.45)** |
| **Total comprehensive income for the year (A+B)** | | **(270.61)** | **(11.12)** |
| **Earning/(Loss) per equity share** | | | |
| - Basic and diluted loss per share (Rs.) | 37 | (25.87) | (1.26) |

The above statement of profit and loss should be read in conjunction with the accompanying notes.

This is the statement of profit and loss referred to in our report of even date.

**For Price Waterhouse Chartered Accountants LLP**
Firm Registration No: 012754N / N500016

**Ali Akbar**
Partner
Membership No. 117839

Place: Mumbai
Date: May 23, 2023

**For and on behalf of the Board**

**Vipul Mathur**
Director
DIN : 07990476
Place: Anjar

**Percy Birdy**
Director and Chief Financial officer
DIN: 07634795
Place: Mumbai

**Neeraj Kant**
Director
DIN : 06598469
Place: Anjar
Date: May 23, 2023

**Pradeep Joshi**
Company Secretary
FCS-4959
Place: Mumbai

**Welspun Metallics Limited**
**Statement of cash flows**
*(All amounts in Rupees crores, unless otherwise stated)*

| | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| **A) Cash flows from operating activities** | | |
| **Loss before tax** | (329.43) | (10.67) |
| **Adjustments for** | | |
| Depreciation and amortisation expense | 28.76 | 0.30 |
| Fair valuation loss/ (gain) on investment | (0.09) | 0.04 |
| Interest income from fixed deposits | (0.57) | (0.05) |
| Net gain on sale of current investments | (0.18) | (0.02) |
| Net unrealised exchange differences | 0.21 | 0.69 |
| Interest expenses | 65.68 | 1.99 |
| **Operating loss before change in operating assets and liabilities** | (235.62) | (7.72) |
| **Changes in operating assets and liabilities** | | |
| (Increase)/ Decrease in other non-current financial assets | 0.01 | (0.05) |
| (Increase)/ Decrease in other non-current assets | 110.49 | (100.18) |
| (Increase)/ Decrease in current loans | - | (0.02) |
| (Increase)/ Decrease in inventories | (370.22) | - |
| (Increase)/ Decrease in trade receivables | (242.63) | - |
| (Increase)/ Decrease in other current financial assets | 1.81 | (2.51) |
| (Increase)/ Decrease in other current assets | (184.92) | (3.23) |
| Increase/ (Decrease) in trade payables | 757.44 | 0.37 |
| Increase/ (Decrease) in other financial liabilities | 1.76 | - |
| Increase/ (Decrease) in provisions | 0.49 | 0.96 |
| Increase/ (Decrease) in government grant | 60.66 | - |
| Increase/ (Decrease) in other current liabilities | 10.55 | 1.29 |
| **Total changes in operating assets and liabilities** | (90.18) | (111.08) |
| **Cash flows from/ (used in) operations** | (90.18) | (111.08) |
| Income taxes paid (tax deducted at source) | (0.19) | (0.18) |
| **Net cash flows from/ (used in) operating activities (A)** | (90.37) | (111.26) |
| **B) Cash flows from investing activities** | | |
| Payments for property, plant and equipment and Intangible assets (including Capital work-in-progress) | (572.74) | (581.71) |
| Sale of capital work in progress | 5.33 | 2.72 |
| Investment in fixed deposits (net) | (42.92) | (0.03) |
| Interest received | 0.24 | 0.05 |
| Proceeds from sale/ redemption of current investment (net) | 0.18 | - |
| Investment in equity shares of associate | (7.59) | - |
| **Net cash flows from /(used in) investing activities (B)** | (617.50) | (578.97) |
| **C) Cash flows from financing activities** | | |
| Issue of preference share | - | 138.00 |
| Share issue expenses | - | (1.58) |
| Interest paid | (100.08) | (19.30) |
| Loan from related party | 244.64 | 499.06 |
| Repayment of loan to related party | (105.00) | (249.98) |
| Long term borrowings from bank | 712.22 | 278.15 |
| Short term borrowings from bank | (21.55) | 50.34 |
| **Net cash flows from/ (used in) financing activities (C)** | 730.43 | 694.69 |
| **Net increase in cash and cash equivalents (A+B+C)** | 22.56 | 4.46 |
| Cash and cash equivalents at the beginning of the year | 4.94 | 0.48 |
| **Cash and cash equivalents at the end of the year (refer below 10(a))** | 27.50 | 4.94 |
| **Non-cash investing activities:** | | |
| - Settlement of term loan by issue of equity shares | 32.99 | - |
| - Settlement of term loan by issue of perference shares | 141.00 | - |
| - Settlement of compulsorily convertible debentures by issue of perference shares | - | 85.00 |

The above statement of cash flows should be read in conjunction with the accompanying notes.

This is the statement of cash flows referred to in our report of even date.

**For Price Waterhouse Chartered Accountants LLP**
Firm Registration No: 012754N / N500016

**Ali Akbar**
Partner
Membership No. 117839

Place: Mumbai
Date: May 23, 2023

**For and on behalf of the Bc ard**

**Vipul Mathur**
Director
DIN : 07990476
Place: Anjar

**Percy Birdy**
Director and Chief Financial officer
DIN: 07634795
Place: Mumbai

**Neeraj Kant**
Director
DIN : 06598469
Place: Anjar
Date: May 23, 2023

**Pradeep Joshi**
Company Secretary
FCS-4959
Place: Mumbai

Welspun Metallics Limited
Statement of changes in equity
*(All amounts in Rupees crores, unless otherwise stated)*

## A. Equity share capital

| Particulars | Notes | Amount |
|---|---|---|
| **Balance as at April 01, 2021** | | **0.01** |
| Changes in equity share capital during the year | 14(a) | 85.00 |
| **Balance as at March 31, 2022** | | **85.01** |
| Changes in equity share capital during the year | 14(a) | 32.99 |
| **Balance as at March 31, 2023** | | **118.00** |

## B. Instrument entirely equity in nature

### (a) 8% Convertible Non-Cumulative Optionally Redeemable Preference Share (CORPS)

| Particulars | Notes | Amount |
|---|---|---|
| **Balance as at April 01, 2021** | | **74.00** |
| Changes in CORPS during the period | 14(b) | 138.00 |
| **Balance as at March 31, 2022** | | **212.00** |
| Changes in CORPS during the year | 14(b) | 141.00 |
| **Balance as at March 31, 2023** | | **353.00** |

### (b) 0% Compulsorily Convertible Debentures (CCDs)

| Particulars | Notes | Amount |
|---|---|---|
| **Balance as at April 01, 2021** | | **85.00** |
| Changes in CCDs during the period | 14(c) | (85.00) |
| **Balance as at March 31, 2022** | | - |
| Changes in CCDs during the year | 14(c) | - |
| **Balance as at March 31, 2023** | | - |

## C. Other equity (Refer note 14(d) and 14(e))

| | Reserves and surplus | Other reserve | Total other equity |
|---|---|---|---|
| | Retained Earnings | Cash flow hedging reserve | |
| **Balance as at April 1, 2021** | (1.50) | - | (1.50) |
| Loss for the year | (10.67) | - | (10.67) |
| Other comprehensive income (Net of taxes) | (0.13) | - | (0.13) |
| **Total comprehensive income for the year** | (12.30) | - | (12.30) |
| Cash flow hedgeing reserve | - | (0.32) | (0.32) |
| Share issue expenses | (1.58) | - | (1.58) |
| **Balance as at March 31, 2022** | **(13.88)** | **(0.32)** | **(14.20)** |
| Loss for the year | (271.16) | - | (271.16) |
| Other comprehensive income (Net of taxes) | 0.08 | - | 0.08 |
| **Total comprehensive income for the year** | **(271.08)** | - | **(271.08)** |
| Cash flow hedgeing reserve | - | 0.47 | 0.47 |
| **Balance as at March 31, 2023** | **(284.96)** | **0.15** | **(284.81)** |

The above statement of changes in equity should be read in conjunction with the accompanying notes.

This is the statement of changes in equity referred to in our report of even date.

**For Price Waterhouse Chartered Accountants LLP**
Firm Registration No: 012754N / N500016

**Ali Akbar**
Partner
Membership No. 117839

Place: Mumbai
Date: May 23, 2023

**For and on behalf of the Board**

**Vipul Mathur**
Director
DIN : 07990476
Place: Anjar

**Percy Birdy**
Director and Chief Financial officer
DIN: 07634795
Place: Mumbai

**Neeraj Kant**
Director
DIN : 06598469
Place: Anjar
Date: May 23, 2023

**Pradeep Joshi**
Company Secretary
FCS-4959
Place: Mumbai

**Welspun Metallics Limited**
**Notes annexed to and forming part of the financial statements for the year ended March 31, 2023**

**General Information**

Welspun Metallics Limited (the "Company") is a Company limited by shares incorporated on July 31, 2020 and domiciled in India. Welspun Metallics Limited is engaged in manufacturing of liquid metal to be used for production of ductile iron pipes and also manufacturing and selling of pig iron.

The registered office of the Company and its principal place of business is at Survey No. 650, Welspun City, Village Versamedi, Taluka Anjar, Kutch, Gujarat – 370110. The company has commenced its commercial operations from July 21, 2022.

These financial statements were approved for issue by the Board of Directors on May 23, 2023.
The Financial Statements have been presented in Indian Rupees (INR), which is the Company's functional currency. All financial information presented in INR has been rounded off to the nearest two decimals of crores unless otherwise stated.

**Note 1: Significant Accounting Policies**

This note provides a list of the significant accounting policies adopted in the preparation of these financial statements.These policies have been consistently applied to all the years presented, unless otherwise stated.

**1.1 Basis of preparation of standalone financial statements**

**a) Compliance with Ind AS**
The financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015 as amended] and other relevant provisions of the Act.

**b) Historical cost convention**
The financial statements have been prepared on an accrual basis on a historical cost basis, except for the following items:

| Items | Measurement basis |
|---|---|
| Certain financial assets and liabilities (including derivatives instruments) | Fair value |
| Net defined benefit (asset)/ liability | Fair value of plan assets less present value of defined benefit obligations |

**c) Current and non-current classification**
All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle (i.e 12 months) and other criteria set out in Schedule III (Division II) to the Act.

**d) Use of going concern assumption**
These financial statements have been prepared on a going concern basis as Welspun Corp Limited, the holding company has approved a funding plan for investment in the Company. The management has made an assessment on the basis of the financial ratios ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements, knowledge of the Board of Directors and management plans and has not noted any material uncertainty that the Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date.

**e) New and amended standards adopted by the company**
The Ministry of Corporate Affairs had vide notification dated March 23, 2022 notified Companies (Indian Accounting Standards) amendment Rules, 2022 which amended certain accounting standards, and are effective April 1, 2022. These amendments did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

**f) New amendments issued but not effective**
The Ministry of Corporate Affairs has vide notification dated March 31, 2023 notified Companies (Indian Accounting Standards) Amendment Rules, 2023 (the 'Rules') which amends certain accounting standards, and are effective April 1, 2023.

The Rules predominantly amend Ind AS 12, Income taxes, and Ind AS 1, Presentation of financial statements. The other amendments to Ind AS notified by these rules are primarily in the nature of clarifications.

These amendments are not expected to have a material impact on the company in the current or future reporting periods and on foreseeable future transactions. Specifically, no changes would be necessary as a consequence of amendments made to Ind AS 12 as the company's accounting policy already complies with the now mandatory treatment.

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Mumbai

### 1.2 Segment reporting

The chief operating decision makers are the Board of Directors of the Company. The directors of the Company assesses the financial performance and position of the Company, and makes strategic decisions. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision makers.

### 1.3 Foreign currency translation

**a) Functional and presentation currency**
Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The financial statements are presented in Indian rupee (INR), which is Company's functional and presentation currency.

**b) Transactions and balances**
Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are recognised in profit or loss.

Foreign exchange differences regarded as an adjustment to borrowing costs are presented in the statement of profit and loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit and loss on a net basis within other expenses or other income, as applicable.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the date of initial transaction.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

### 1.4 Revenue recognition

The Company derives revenue principally from sale of Pig Iron & Hot Metal
The Company recognises revenue when it satisfies a performance obligation in accordance with the provisions of contract with the customer. This is achieved when control of the product has been transferred to the customer, which is generally determined when title, ownership, risk of obsolescence and loss pass to the customer and the Company has the present right to payment, all of which occurs at a point in time upon shipment or delivery of the product. The Company considers freight activities as costs to fulfil the promise to transfer the related products and the customer payments for freight costs are recorded as a component of revenue.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.
In certain customer contracts, freight services are treated as a distinct separate performance obligation and the Company recognises revenue for such services when the performance obligation is completed.

The Company considers the terms of the contract in determining the transaction price. The transaction price is based upon the amount the Company expects to be entitled to in exchange for transferring of promised goods and services to the customer after deducting incentive programs, included but not limited to discounts, volume rebates, etc.
Revenue excludes any taxes and duties collected on behalf of the government.

### 1.5 Contract asset and contract liabilities

When the company performs a service or transfers a good in advance of receiving consideration, it recognises a contract asset or receivable. A contract asset is a company's right to consideration in exchange for goods or services that the Company has transferred to a customer. If the Company transfers control of goods or services to a customer before the customer pays consideration, the Company records a contract asset when the nature of the Company's right to consideration for its performance is other than passage of time. A contract asset will be classified as a receivable when the Company's right to consideration is unconditional (that is, when payment is due only on the passage of time). The Company shall assess a contract asset for impairment in accordance with Ind AS 109. Impairment of a contract asset is measured, presented and disclosed on similar basis as other financial asset in nature of trade receivable within the scope of Ind AS 109. The Company discloses contract assets under "Other Assets".

The Company recognises a contract liability if the customer's payment of consideration precedes the Company's performance. A contract liability is recognised if the Company receives consideration (or if it has the unconditional right to receive consideration) in advance of performance. The Company discloses contract liabilities under "Other Liabilities".

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### 1.6 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received, and the Company will comply with all attached conditions.

Export incentives and subsidies are recognized when there is reasonable assurance that the Company will comply with the conditions and the incentive will be received.

Government Grants related to assets are government grants whose primary condition is that an entity qualifying for them should purchase, construct or otherwise acquire long-term assets. Grants related to income are government grants other than those related to assets.

Government grants relating to income are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate and presented either under "other operating income" or deducted in reporting the related expense.

Government grants relating to the purchase of property, plant and equipment are included in liabilities as "Government grants" and are credited to profit or loss on a straight-line basis over the expected lives of the related assets and presented within "Other operating income". In case of disposal of such property, plant and equipment, related Government Grants included in the liabilities are written back and charged to the statement of profit and loss.

### 1.7 Income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in India. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertyain tax treatment. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

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### 1.8 Leases

#### As a lessee

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments, as applicable:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the Company under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

Lease payment to be made under reasonably certain extension options are also included in the measurement of the liability. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following (as applicable):

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term (including extension considering reasonable certainty) on a straight-line basis. If the Company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

### 1.9 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts (if any) are shown within borrowings in current liabilities in the balance sheet.

### 1.10 Trade receivable

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business and reflects company's unconditional right to consideration (that is, payment is due only on the passage of time). Trade receivables are recognised initially at the transaction price as they do not contain significant financing components. The company holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method, less loss allowance.

### 1.11 Inventories

Raw materials and stores, work in progress, traded and finished goods are stated at the lower of cost and net realisable value. Cost of raw materials and traded goods comprises cost of purchases. Cost of work-in-progress and finished goods comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Cost of inventories also include all other costs incurred in bringing the inventories to their present location and condition. Costs are assigned to individual items of inventory on the basis of weighted average basis. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale .

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### 1.12 Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

**a) Investment & other financial assets**

**(I) Classification**

The Company classifies its financial assets in the following measurement categories:
• those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss); and
• those measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held.

For investments in equity instruments, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

The Company reclassifies debt investments when and only when its business model for managing those assets changes.

**(II) Recognition**

Regular way purchases and sales of financial assets are recognised on trade-date, being the date on which the company commits to purchase or sale the financial asset.

**(III) Measurement**

At initial recognition, the company measures a financial asset (excluding trade receivables which do not contain a significant financing component) at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

**(I) Debt instruments**

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

• Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in Other Income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other income or other expenses. Impairment losses are presented as separate line item in the statement of profit and loss.

• Fair value through other comprehensive income (FVOCI): Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other income or other expenses (as applicable). Interest income from these financial assets is included in other income using the effective interest rate method.

• Fair value through profit or loss (FVTPL): Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented net in the statement of profit and loss within other income or other expenses (as applicable) in the period in which it arises. Interest income from these financial assets is included in other income.

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**(ii) Equity instruments**

The Company subsequently measures all equity investments at fair value. Where the Company's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following derecognition of investment. Dividends from such investments are recognised in profit or loss as other income when the Company's right to receive payments is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognised in other income or other expenses (as applicable) in the statement of profit and loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

**(IV) Impairment of financial assets**

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables and contract assets, the Company applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

**(V) Derecognition of financial assets**

A financial asset is derecognised only when
• The Company has transferred the rights to receive cash flows from the financial asset or
• Retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the entity has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the Company has not retained control of the financial asset. Where the Company retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

**(VI) Income recognition**

**(i) Interest Income**
Interest income from financial assets at fair value through profit or loss is disclosed as interest income within other income. Interest income on financial assets at amortised cost and financial assets at FVOCI is calculated using the effective interest method is recognised in the statement of profit and loss as part of other income.
Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

**(ii) Dividend Income**
Dividends are received from financial assets at fair value through profit or loss and at FVOCI. Dividends are recognised as other income in profit or loss when the right to receive payment is established. This applies even if they are paid out of pre-acquisition profits, unless the dividend clearly represents a recovery of part of the cost of the investment.

**b) Financial liabilities**

**(i) Measurement**

Financial liabilities are initially recognised at fair value, reduced by transaction (in case of financial liability not at fair value through profit or loss), that are directly attributable to the issue of financial liability. After initial recognition, financial liabilities are measured at amortised cost using effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash outflow (including all fees paid, transaction cost, and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. At the time of initial recognition, there is no financial liability irrevocably designated as measured at fair value through profit or loss.

**(ii) Derecognition**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

**c) Offsetting financial instruments**

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

**1.13 Derivatives and hedging activities**

In order to hedge its exposure to foreign exchange and interest rate, the Company enters into forward and interest rate swap contracts and other derivative financial instruments. The Company does not hold derivative financial instruments for speculative purposes.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently marked to market to their fair value at the end of each reporting period.
The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged and the type of hedge relationship designated.
The Company designates their derivatives as hedges of foreign exchange risk associated with the cash flows of highly probable forecast transactions and variable interest rate risk associated with borrowings (cash flow hedges).

The Company documents at the inception of the hedging transaction the economic relationship between hedging instruments and hedged items including whether the hedging instrument is expected to offset changes in cash flows of hedged items. The Company documents its risk management objective and strategy for undertaking various hedge transactions at the inception of each hedge relationship.
The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

**a) Cash flow hedges that qualify for hedge accounting**

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in the other comprehensive income in cash flow hedging reserve within equity, limited to the cumulative change in fair value of the hedged item on a present value basis from the inception of the hedge. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, within other income or other expenses (as applicable).

When forward contracts are used to hedge forecast transactions, the Company generally designates the full change in fair value of the forward contract (including forward points) as the hedging instrument. In such cases, the gains and losses relating to the effective portion of the change in fair value of the entire forward contract are recognised in the cash flow hedging reserve within equity.

Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss.

Where the hedged item subsequently results in the recognition of a non-financial asset (such as inventory), both the deferred hedging gains and losses and the deferred time value of the deferred forward contracts, if any are included within the initial cost of the asset.

When a hedging instrument expires, or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative deferred gain or loss in equity at that time remains in equity until the forecast transaction occurs. When the forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately reclassified to profit or loss within other income or other expense (as applicable). If the hedge ratio for risk management purposes is no longer optimal but the risk management objective remains unchanged and the hedge continues to qualify for hedge accounting, the hedge relationship will be rebalanced by adjusting either the volume of the hedging instrument or the volume of the hedged item so that the hedge ratio aligns with the ratio used for risk management purposes. Any hedge ineffectiveness is calculated and accounted for in statement of profit or loss at the time of the hedge relationship rebalancing.

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**b) Derivatives that are not designated as hedges**

The Company enters into derivative contracts to hedge risks which are not designated as hedges. Such contracts are accounted for at fair value through profit or loss and are included in other income or other expenses (as applicable).

**1.14 Trade and other payable**

These amounts represent liabilities for goods and services provided to the company prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 to 180 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method

**1.15 Property, plant and equipment**

Property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Cost of capital work-in-progress ('CWIP') comprises amount paid towards acquisition of property, plant and equipment and other assets outstanding as of each balance sheet date and construction expenditures, other expenditures necessary for the purpose of preparing the CWIP for its intended use and borrowing costs incurred before the qualifying asset is ready for intended use. CWIP is not depreciated until such time as the relevant asset is completed and ready for its intended use.

**Depreciation methods, estimated useful lives and residual value**

Depreciation is calculated using straight-line method to allocate the cost of the assets, net of their residual values, over the estimated useful life of the assets as given below. These estimated useful lives are in accordance with those prescribed under Schedule II to the Companies Act, 2013 except in respect of plant and machinery and buildings wherein the estimated useful lives are different than those under Schedule II to the Companies Act, 2013 based on a technical evaluation done by the Management.

| Assets | Estimated Useful Lives (in years) |
|---|---|
| Office and other equipments | 3-5 years |
| Vehicles | 6-10 years |
| Furniture and fixtures | 5-10 years |
| Computers | 3-6 years |

The residual values are not more than 5% of the original cost of the asset.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss within other income/ other expenses (as applicable).

Plant and machinery and Buildings are depreciated on straight line method over the useful life ranging between 1 year to 30 years and 1 year to 60 years respectively in order to reflect the actual usage of the assets. The estimated useful lives of plant and machinery and buildings has been determined based on internal technical advice which considers the nature of the asset, the usage of the asset, expected physical wear and tear, the operating conditions of the asset, anticipated technological changes, etc.

Estimated useful lives, residual values and depreciation methods are reviewed annually, taking into account commercial and technological obsolescence as well as normal wear and tear and adjusted prospectively, if appropriate.

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**1.16 Intangible assets**

**a) Intangible assets**

Intangible assets with finite useful lives acquired by the company are measured at cost less accumulated amortisation and accumulated impairment losses. Amortisation is charged on a straight-line basis over the estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each annual reporting period, with the effect of any changes in the estimate being accounted for on a prospective basis.

**b) Amortisation methods and periods**

Intangible assets comprise of computer software which is amortised on a straight-line basis over its expected useful life over a period of three to five years which is based on a technical evaluation done by the Management.

**1.17 Impairment of asset**

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units).

Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

**1.18 Borrowings**

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in Statement of profit or loss as other income or other expenses, as applicable.

Where the terms of a financial liability are renegotiated and the entity issues equity instruments to a creditor to extinguish all or part of the liability (debt for equity swap), a gain or loss is recognised in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued.

Borrowing are classifed as current liabilties unless the company has an unconditional right to defer settlement of the liability for atleast 12 months after the reporting period. Where there is a breach of a material provision of a long-term loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand on the reporting date, the entity does not classify the liability as current, if the lender agreed, after the reporting period and before the approval of the financial statements for issue, not to demand payment as a consequence of the breach.

**1.19 Borrowing cost**

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized during the period of time that is required to complete prepare the asset for its intended use or sale. Qualifying assets are assets that are necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Other borrowing costs are expensed in the period in which they are incurred.

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### 1.20 Provisions, contingent liabilities and contingent assets

#### a) Provisions

Provisions for legal claims are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

#### b) Contingent liabilities

Contingent liabilities are disclosed when there is a possible obligation arising from past events the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

#### c) Contingent assets

Contingent assets are disclosed, where an inflow of economic benefits is probable.

### 1.21 Employment benefits

#### a) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

#### b) Other long-term employee benefit obligations

The liabilities for earned leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

The obligations are presented as current provisions in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

#### c) Post-employment obligations

The Company operates the following post-employment schemes:

- defined benefit plans such as gratuity; and
- defined contribution plans such as provident fund and employee's pension scheme.

#### Deferred benefit plan – Gratuity

The liability or asset recognised in the balance sheet in respect of defined benefit gratuity plans is the present value of the defined benefit obligation at the end of the reporting period. The defined benefit obligation is calculated annually by actuary using the projected unit credit method. Gratuity liability is wholly unfunded.

The present value of the defined benefit obligation denominated in INR is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying discount rate to the net balance of the defined benefit obligation. The cost is included in employee benefit expense in the statement of profit and loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet. Remeasurements are not relassified to profit and loss in the subsequent periods.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.

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**Defined contribution plans**

**Provident fund and employee pension scheme**

The Company pays provident fund and employee pension scheme contributions to publicly administered provident funds as per local regulations. The Company has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contributions are recognised as employee benefit expense when they are due.

**1.22 Investment in subsidiaries, joint ventures and associate**

The investments in subsidiaries, joint ventures and associate are carried in the financial statements at historical cost except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for as Non-current assets held for sale and discontinued operations.

**1.23 Contributed Equity**

Equity shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

**1.24 Earnings per share**

**a) Basic earnings per share**

Basic earnings per share is calculated by dividing:
• the profit attributable to owners of the Company; and
• by the weighted average number of equity shares outstanding during the financial year.

**b) Diluted earnings per share**

Diluted earnings per share adjust the figures used in the determination of basic earnings per share to take into account:
• the after income tax effect of interest and other financing costs associated with dilutive potential equity shares; and
• the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

**1.25 Instruments Entirely Equity in Nature**

Instruments entirely equity in nature issued by the Company comprises of convertible and optionally redeemable preference shares. These instruments have such terms and conditions that qualify them for being entirely equity in nature based on the criteria given in Para 16 of Ind AS 32 "Financial instruments- Presentation". Company assesses the terms and conditions specific to each instrument for deciding whether they are entirely equity in nature. This is recognised and included in shareholder's equity, net of income tax effects, and not subsequently re-measured.

**1.26 Rounding of amounts**

The Company in the current year that ended March 2023, has changed its rounding off denomination to crores from millions in order to make it more useful to users of financial statements. Accordingly, the figures of the comparative year has also been changed to give this effect. Further, the said change is in line with Schedule III of the Companies Act, 2013.

**Note 2: Critical estimates and judgments**

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgment in applying the Company's accounting policies.

This note provides an overview of the areas that involved a higher degree of judgment or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed.

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the company and that are believed to be reasonable under the circumstances.

**Recognition of deferred assets (refer note 29)**

The company has recognised deferred tax assets on carried forward tax losses of the company. The company has concluded that the deferred tax assets will be recoverable using the estimated future taxable income based on the approved business plans and budgets. The company is expected to generate taxable income from 2024 onwards. The losses can be carried forward for a period of 8 years as per local tax regulations and the company expects to recover the losses.

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**Estimation of useful life of Property, Plant and Equipment (Note 3):**

Property, plant and equipment represent a significant proportion of the asset base of the Company. The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expecled residual value at the end of its life. The useful lives and residual values of Company's assets are determined by management at the time the asset is acquired and reviewed periodically, including at each financial year end. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology.

**Impairment of carrying value of assets**

Ind AS requires that the management of the Company shall assess at the end of each reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the Company shall estimate the recoverable amount of the asset.

Impairment testing is an area involving management judgement, requiring assessment as to whether the carrying value of assets can be supported by the net present value of future cash flows derived from such assets using cash flow projections which have been discounted at an appropriate rate. In calculating the net present value of the future cash flows, certain assumptions are required to be made in respect of highly uncertain matters including management's expectations of:
- growth in EBITDA, calculated as adjusted operating profit before depreciation and amortisation;
- long-term growth rates and
- the selection of discount rates to reflect the risks involved.

Changing the assumptions selected by management, in particular the discount rate and growth rate assumptions used in the cash flow projections, could significantly affect the Company's impairment evaluation and hence results. The Company's review includes the key assumptions related to sensitivity in the cash flow projections.

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**Note 3: Property, plant and equipment (PPE), Capital work-in-progress (CWIP) & Intangible assets**

| | Buildings | Freehold Land | Plant & Machinery | Vehicle | Office and other equipments | Computers | Furniture and fixtures | Total PPE | Intangible assets (computer software) | CWIP |
|---|---|---|---|---|---|---|---|---|---|---|
| **Year ended on March 31, 2022** | | | | | | | | | | |
| **Opening gross carrying amount** | 0.14 | 44.07 | - | - | 0.07 | 0.07 | 0.17 | 44.52 | - | 95.43 |
| Additions | 0.20 | 3.66 | - | 0.28 | 0.13 | 0.86 | 0.10 | 5.23 | - | 736.69 |
| Disposals | - | - | | - | - | - | - | - | - | (2.72) |
| **Closing gross carrying amount as at March 31, 2022** | 0.34 | 47.73 | - | 0.28 | 0.20 | 0.93 | 0.27 | 49.75 | - | 829.40 |
| **Accumulated depreciation/ amortization** | | | | | | | | | | |
| **Opening accumulated depreciation/ amortization** | -* | - | - | - | -* | -* | -* | 0.01 | - | - |
| Depreciation charge during the year | 0.03 | - | - | 0.06 | 0.03 | 0.16 | 0.02 | 0.30 | - | - |
| Disposals | - | - | - | - | - | - | - | - | - | - |
| **Closing accumulated depreciation/ amortization as at March 31, 2022** | 0.03 | - | - | 0.06 | 0.03 | 0.16 | 0.02 | 0.31 | - | - |
| **Net carrying amount as at March 31, 2022** | 0.31 | 47.73 | - | 0.22 | 0.17 | 0.77 | 0.25 | 49.45 | - | 829.40 |
| **Year ended on March 31, 2023** | | | | | | | | | | |
| **Opening gross carrying amount** | 0.34 | 47.73 | - | 0.28 | 0.20 | 0.93 | 0.27 | 49.75 | - | 829.40 |
| Additions | 159.04 | 6.48 | 1,132.06 | 0.01 | 3.20 | 3.00 | 10.12 | 1,313.91 | 5.66 | 490.99 |
| Capitalisation | - | - | - | - | - | - | - | - | - | (1,258.14) |
| Disposals | - | (1.58) | - | (0.01) | - | - | - | (1.59) | - | (5.33) |
| **Closing gross carrying amount as at March 31, 2023** | 159.38 | 52.63 | 1,132.06 | 0.28 | 3.40 | 3.93 | 10.39 | 1,362.07 | 5.66 | 56.92 |
| **Accumulated depreciation/ amortization** | | | | | | | | | | |
| **Opening accumulated depreciation/ amortization** | 0.03 | - | - | 0.06 | 0.03 | 0.16 | 0.02 | 0.31 | - | - |
| Depreciation/ amortization charge during the year | 1.01 | - | 26.98 | 0.03 | 0.14 | 0.40 | 0.09 | 28.65 | 0.10 | - |
| Disposals | - | - | - | - | - | - | - | - | - | - |
| **Closing accumulated depreciation/ amortization as at March 31, 2023** | 1.04 | - | 26.98 | 0.09 | 0.17 | 0.56 | 0.11 | 28.96 | 0.10 | - |
| **Net carrying amount as at March 31, 2023** | 158.34 | 52.63 | 1,105.08 | 0.19 | 3.23 | 3.37 | 10.28 | 1,333.11 | 5.56 | 56.92 |

* Amount is below the rounding off norm adopted by the company

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**(Contd.. Note 3)**

(i) Ageing of Capital work-in-progress

**For the year ended on March 31, 2023**

| Capital work-in-progress | Amount in CWIP for a period of | | | | |
|---|---|---|---|---|---|
| | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | Total |
| Project related to Liquid Metal manufacturing plant - project in progress | 56.92 | - | - | - | 56.92 |
| **Total** | **56.92** | - | - | - | **56.92** |

**For the year ended on March 31, 2022**

| Capital work-in-progress | Amount in CWIP for a period of | | | | |
|---|---|---|---|---|---|
| | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | Total |
| Project related to Liquid Metal manufacturing plant - project in progress | 739.19 | 90.21 | - | - | 829.40 |
| **Total** | **739.19** | **90.21** | - | - | **829.40** |

**Notes:**
(i) For property, plant and equipment mortgaged as security, refer note 17.
(ii) Capital work in progress comprises of assets under constructions at Anjar, Gujarat.
(iii) Contractual obligations: Refer note 36(a) for disclosure of contractual commitments for the acquisition of property, plant and equipment.
(iv) There are no projects which are temporarily suspended.
(v) The completion schedule for the above capital work in progress is neither overdue nor has not exceeded its cost compared to its original plan.

**Note 4: Non-current Investments**

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Investments in equity instruments (fully paid up)** | | |
| **Investments carried at fair value through profit and loss** | | |
| **Unquoted** | | |
| Welspun Captive Power Generation Limited | | |
| 59,075 (March 31, 2022: 59,075) equity shares of Rs.10 each | 0.76 | 0.67 |
| **Investments in equity instruments of associate (fully paid up)** | | |
| **Investments in associate carried at fair value through profit and loss** | | |
| **Unquoted** | | |
| Clean Max Dhyuthi Private Limited | | |
| 48599 (March 31, 2022: Nil) equity shares of Rs.10 each | 7.59 | - |
| **Total investments** | **8.35** | **0.67** |
| Aggregate amount of quoted investments and market value thereof | - | - |
| Aggregate amount of unquoted investments | 8.35 | 0.67 |
| Aggregate amount of impairment in the value of investments | - | - |

Note: The company's Parent Company 'Welspun Corp Limited' produces consolidated financial statements available for public use that comply with IndAS. In accordance with Ind AS 110, the company is exempt from preparing consolidated financial statements and hence the company has not produced consolidated financial statements.

**Note 5: Other non-current financial assets**

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Unsecured, considered good** | | |
| Margin money deposits with maturity of more than twelve months (including interest accrued) (refer note below) | 0.02 | - |
| Security Deposits | 0.05 | 0.06 |
| **Total other non-current financial assets** | **0.07** | **0.06** |

Note: Fixed deposits of INR 0.02 (March 31, 2022: INR Nil) represent earmarked against term loan taken from banks.

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**Note 6: Other current financial assets**

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Unsecured, considered good** | | |
| Other Receivable from related parties (Refer Note 34) | - | 2.41 |
| Security Deposits | 0.95 | 0.25 |
| Derivatives designated as hedges | | |
| Forward Contract | 0.25 | - |
| **Total other current financial assets** | **1.20** | **2.66** |

**Note 7: Other non-current assets**

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Capital advances | 5.82 | 46.27 |
| Balance with statutory authorities | - | 110.49 |
| **Total other non-current assets** | **5.82** | **156.76** |

**Note 8: Inventories**

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Raw materials | 208.69 | - |
| Work-in-progress | 31.12 | - |
| Finished goods | 123.60 | - |
| Stores and spares | 6.81 | - |
| **Total Inventories** | **370.22** | **-** |
| **Note : Details of inventories in transit included above** | | |
| Raw materials | 107.88 | - |
| **Total inventories in transit** | 107.88 | - |

Write-downs of inventories to net realisable value amounted to INR 25.25 (March 31, 2022 – Nil). These were recognised as an expense during the year and included in 'changes in value of inventories of work-in-progress and finished goods' in the statement of profit and loss.

**Note 9: Other current assets**

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Advances to suppliers | 37.83 | - |
| Balance with statutory authorities | 138.61 | - |
| Prepaid expenses | 2.91 | 3.20 |
| Employees advances | - | 0.04 |
| Government grant receivable | 8.81 | - |
| **Total other current assets** | **188.16** | **3.24** |

*(All amounts in Rupees crores, unless otherwise stated)*

**Note 10 (a): Cash and cash equivalents**

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Balances with banks | | |
| - in current accounts | 27.50 | 4.94 |
| **Total cash and cash equivalents** | **27.50** | **4.94** |

**Note 10 (b): Bank balances other than cash and cash equivalents**

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Deposits with maturity of more than three months and less than twelve months (including interest accrued) | 0.03 | - |
| Margin money deposits with maturity of less than twelve months (including interest accrued) | 43.23 | 0.03 |
| **Total bank balances other than cash and cash equivalents** | **43.26** | **0.03** |

Deposits of INR 43.23 (March 31, 2022: INR 0.03) represent earmarked against balances with banks.

**Note 11: Deferred tax assets (Net)**

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Deferred tax assets** | | |
| **Deferred Tax Assets :** | | |
| Employee benefit obligation | 0.10 | - |
| Derivative forward contract payable | 0.10 | - |
| Business Losses (Including unabsorbed depreciation) | 78.73 | - |
| **Total deferred tax assets** | **78.93** | **-** |
| **Deferred Tax Liabilities :** | | |
| Difference in WDV of Property, plant & Equipments | 18.75 | - |
| Government Grant | 2.03 | - |
| **Total Deferred Tax Liabilities** | **20.78** | **-** |
| **Deferred Tax Assets (net)** | **58.15** | **-** |

**Note 12: Current tax assets**

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Opening balance | 0.22 | 0.04 |
| Add: Tax deducted at source | 0.19 | 0.18 |
| Less: Current tax payable for the year | - | - |
| **Total current tax assets** | **0.41** | **0.22** |

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**Note 13 : Trade receivables**

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Unsecured, considered good** | | |
| Trade receivables from contract with customers – related parties (refer note 34) | 52.95 | - |
| Trade receivables from contract with customers | 189.47 | - |
| Less: allowance for doubtful debts | - | - |
| **Total trade receivables** | **242.42** | **-** |

**Ageing for trade receivables as at March 31, 2023 is as follows:**

| | Unbilled | Not due | Less than 6 months | 6 months to 1 year | 1 - 2 years | 2 - 3 years | More than 3 years | Total |
|---|---|---|---|---|---|---|---|---|
| Undisputed trade receivables considered good | - | 242.28 | 0.14 | - | - | - | - | 242.42 |
| **Total** | **-** | **242.28** | **0.14** | **-** | **-** | **-** | **-** | **242.42** |

Note:

(i) There are no disputed trade receivables as at March 31, 2023 and March 31, 2022.

(ii) There are no trade receivables which have significant increase in credit risk or credit impaired.

(iii) The Company's trade receivable do not carry a significant financing element. Accordingly the Company has adopted a simplified approach for measurement of expected credit loss.

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**Note 14: Equity share capital and other equity**

**14(a) Equity Share capital**

**(i) Authorised equity share capital**

| | Number of Shares | Par value | Amount |
|---|---|---|---|
| **As at April 01, 2021** | 10,00,000 | 10.00 | 1.00 |
| Increase during the year | 8,70,00,000 | 10.00 | 87.00 |
| **As at March 31, 2022** | **8,80,00,000** | **10.00** | **88.00** |
| Increase during the year | 4,20,00,000 | 10.00 | 42.00 |
| **As at March 31, 2023** | **13,00,00,000** | **10.00** | **130.00** |

**(ii) Movement in equity share capital**

| | Number of Shares | Par value | Amount |
|---|---|---|---|
| **Issued, subscribed and paid up capital** | | | |
| **As at April 01, 2021** | 11,000 | 10.00 | 0.01 |
| Preference shares converted into equity shares (refer note 14(c)) | 8,50,00,000 | 10.00 | 85.00 |
| **As at March 31, 2022** | **8,50,11,000** | **10.00** | **85.01** |
| Term loan converted into equity shares (refer note 34) | 3,29,89,000 | 10.00 | 32.99 |
| **As at March 31, 2023** | **11,80,00,000** | **10.00** | **118.00** |

**(iii) Terms and rights attached to shares Equity shares**

The Company has only one class of equity shares having a par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share. The dividend when proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting except in case of interim dividend.

In the event of liquidation of the company the holders of the equity shares will be entitled to receive remaining assets of the Company after distribution of preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

**(iv) Shares of the Company held by holding company**

| | As at March 31, 2023 | | As at March 31, 2022 | |
|---|---|---|---|---|
| | No. of shares | % holding | No. of shares | % holding |
| Welspun Corp Limited, including nominees | 11,80,00,000 | 100.00% | 8,50,11,000 | 100.00% |

**(v) Details of shareholders holding more than 5% shares in the Company**

| | As at March 31, 2023 | | As at March 31, 2022 | |
|---|---|---|---|---|
| | No. of shares | % holding | No. of shares | % holding |
| Welspun Corp Limited (the 'Holding company'), including nominees | 11,80,00,000 | 100.00% | 8,50,11,000 | 100.00% |

**(vi) Details of shareholding of promoters**

| | Year ended March 31, 2023 | | | Year ended March 31, 2022 | | |
|---|---|---|---|---|---|---|
| **Name of the promoter** | **Number of shares** | **% of total number of shares** | **Percentage of change during the year** | **Number of shares** | **% of total number of shares** | **Percentage of change during the year** |
| Welspun Corp Limited (including nominees) | 11,80,00,000 | 100.00% | 0% | 8,50,11,000 | 100.00% | 0% |
| **Total** | **11,80,00,000** | **100.00%** | | **8,50,11,000** | **100.00%** | |

**(vii) Aggregate number of shares issued for consideration other than cash**

| **Particulars** | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| | No. of shares | No. of shares |
| Conversion of Compulsorily Convertible Debentures into Equity (refer note 14(c)(iii)) | - | 8,50,00,000 |
| Conversion of term loan into Equity (refer note 34) | 3,29,89,000 | - |

**(viii) Details of Equity Shares**

| Particulars | Number of Shares | Par value | Amount | Date of allotment |
|---|---|---|---|---|
| Equity shares | 11,000 | 10 | 0.01 | 25-Aug-20 |
| Equity shares - conversion of Compulsorily Convertible Debentures | 3,79,89,000 | 10 | 37.99 | 03-Aug-21 |
| Equity shares - conversion of Compulsorily Convertible Debentures | 4,70,11,000 | 10 | 47.01 | 16-Mar-22 |
| Equity shares - conversion of term loan | 3,29,89,000 | 10 | 32.99 | 25-Aug-22 |
| Total | 11,80,00,000 | | 118.00 | |

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**14(b) :Instruments entirely equity in nature:**
**8% Convertible Non-Cumulative Optionally Redeemable Preference Share (CORPS) (refer note 34)**

**i) Authorised Preference share capital**

| | Number of Shares | Par value | Amount |
|---|---|---|---|
| **As at April 01, 2021** | 8,90,00,000 | 10.00 | 89.00 |
| Increase during the year | 12,30,00,000 | 10.00 | 123.00 |
| **As at March 31, 2022** | 21,20,00,000 | 10.00 | 212.00 |
| Increase during the year | 15,80,00,000 | 10.00 | 158.00 |
| **As at March 31, 2023** | 37,00,00,000 | 10.00 | 370.00 |

**ii) Movement in Preference shares capital**

| | Number of Shares | Par value | Amount |
|---|---|---|---|
| **Issued, subscribed and paid up capital** | | | |
| **As at April 01, 2021** | 7,40,00,000 | 10.00 | 74.00 |
| Issued during the year | 13,80,00,000 | 10.00 | 138.00 |
| **As at March 31, 2022** | 21,20,00,000 | 10.00 | 212.00 |
| Term loan converted into preference shares | 14,10,00,000 | 10.00 | 141.00 |
| **As at March 31, 2023** | 35,30,00,000 | 10.00 | 353.00 |

**(iii) Terms and rights attached to shares Preference shares**

The preference shares shall be non-participating in the surplus funds and also in the surplus assets and profits which may remain after the entire capital has been repaid, on winding up of the Company.
The CORPS shall be convertible in to equity share of the Company any time before March 31, 2036 in the ratio of one equity share of Rs. 10/- each for one CORPS of Rs. 10 each fully paid-up. If not converted, the CORPS shall be redeemable at par at the option of the company after September 30, 2034 but before March 31, 2036.

**(iv) Shares of the Company held by holding company**

| | As at March 31, 2023 | | As at March 31, 2022 | |
|---|---|---|---|---|
| | No. of shares | % holding | No. of shares | % holding |
| Welspun Corp Limited | 35,30,00,000 | 100.00% | 21,20,00,000 | 0.00% |

**(v) Details of shareholders holding more than 5% shares in the Company**

| | As at March 31, 2023 | | As at March 31, 2022 | |
|---|---|---|---|---|
| | No. of shares | % holding | No. of shares | % holding |
| Welspun Corp Limited | 35,30,00,000 | 100.00% | 21,20,00,000 | 100.00% |

**(vi) Details of shareholding of promoters**

| | Year ended March 31, 2023 | | | Year ended March 31, 2022 | | |
|---|---|---|---|---|---|---|
| Name of the promoter | Number of shares | % of total number of shares | Percentage of change during the year | Number of shares | % of total number of shares | Percentage of change during the year |
| Welspun Corp Limited | 35,30,00,000 | 100.00% | 100.00% | 21,20,00,000 | 100.00% | 0.00% |
| **Total** | **35,30,00,000** | **100.00%** | | **21,20,00,000** | **100.00%** | |

**(vii) Details of Preference Shares**

| Particulars | Number of Shares | Par value | Amount | Date of allotment |
|---|---|---|---|---|
| 8% Convertible Non-Cumulative Optionally Redeemable Preference Share (CORPS) | 1,00,00,000 | 10 | 10.00 | 22-Mar-21 |
| 8% Convertible Non-Cumulative Optionally Redeemable Preference Share (CORPS) | 2,50,00,000 | 10 | 25.00 | 23-Mar-21 |
| 8% Convertible Non-Cumulative Optionally Redeemable Preference Share (CORPS) | 1,40,00,000 | 10 | 14.00 | 23-Mar-21 |
| 8% Convertible Non-Cumulative Optionally Redeemable Preference Share (CORPS) | 2,50,00,000 | 10 | 25.00 | 23-Mar-21 |
| 8% Convertible Non-Cumulative Optionally Redeemable Preference Share (CORPS) | 1,00,00,000 | 10 | 10.00 | 07-Apr-21 |
| 8% Convertible Non-Cumulative Optionally Redeemable Preference Share (CORPS) | 10,00,000 | 10 | 1.00 | 07-Apr-21 |
| 8% Convertible Non-Cumulative Optionally Redeemable Preference Share (CORPS) | 3,00,00,000 | 10 | 30.00 | 06-May-21 |
| 8% Convertible Non-Cumulative Optionally Redeemable Preference Share (CORPS) | 1,50,00,000 | 10 | 15.00 | 10-May-21 |
| 8% Convertible Non-Cumulative Optionally Redeemable Preference Share (CORPS) | 1,50,00,000 | 10 | 15.00 | 25-May-21 |
| 8% Convertible Non-Cumulative Optionally Redeemable Preference Share (CORPS) | 1,50,00,000 | 10 | 15.00 | 25-May-21 |
| 8% Convertible Non-Cumulative Optionally Redeemable Preference Share (CORPS) | 40,00,000 | 10 | 4.00 | 14-Jun-21 |
| 8% Convertible Non-Cumulative Optionally Redeemable Preference Share (CORPS) | 1,30,00,000 | 10 | 13.00 | 14-Jun-21 |
| 8% Convertible Non-Cumulative Optionally Redeemable Preference Share (CORPS) | 1,50,00,000 | 10 | 15.00 | 23-Jun-21 |
| 8% Convertible Non-Cumulative Optionally Redeemable Preference Share (CORPS) | 1,50,00,000 | 10 | 15.00 | 30-Jun-21 |
| 8% Convertible Non-Cumulative Optionally Redeemable Preference Share (CORPS) | 50,00,000 | 10 | 5.00 | 14-Jul-21 |
| 8% Convertible Non-Cumulative Optionally Redeemable Preference Share (CORPS) | 13,00,00,000 | 10 | 130.00 | 25-Aug-22 |
| 8% Convertible Non-Cumulative Optionally Redeemable Preference Share (CORPS) | 1,10,00,000 | 10 | 11.00 | 14-Mar-23 |
| Total | 35,30,00,000 | | 353.00 | |

**14(c) 0% Compulsorily Convertible Debentures (CCDs) (refer note 34)**

**i) Movement in 0% Compulsorily Convertible Debentures**

| | Number of Debentures | Par value | Amount |
|---|---|---|---|
| **Issued, subscribed and paid up capital** | | | |
| **As at April 01, 2021** | 8,50,00,000 | 10.00 | 85.00 |
| Converted to equity shares during the year | (8,50,00,000) | 10.00 | (85.00) |
| **As at March 31, 2022** | - | - | - |
| **As at March 31, 2023** | - | - | - |

**(ii) Terms and rights attached to Convertible Debentures**

-0% Compulsorily Convertible Debentures (CCDs) have par value Rs. 10 each. The CCDs will be issued at 0% interest.
-The CCDs can be converted at the option of the Company into Equity Shares of Rs.10/- each fully paid-up
-Conversion Ratio 1:1
-Tenor of CCDs : 18 months from the date of first allotment.
-If the CCDs have not been converted at the expiry of the Tenure of CCDs, the said CCDs shall be mandatorily converted into equity shares at the end of the Tenure of CCDs in accordance with the Conversion Ratio.

| Category | Conversion option |
|---|---|
| I Issue of 500,000 CCDs | any time after six months from date of allotment and upto the Tenor |
| II Issue of 84,500,000 CCDs | any time after two months from date of allotment and upto the Tenor |

(iii) Pursuant to the board resolution dated August 03, 2021 and shareholders approval dated August 03, 2021 for INR 37.99 crores & board resolution dated March 16, 2022 and shareholders approval dated March 16, 2022 for INR 47.01 crores, the company has converted the compulsorily convertible debentures outstanding total amount of INR 85 crores into equity shares of the company in the ratio of 1:1 during the year ended March 31, 2022.

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**14(d) : Reserves and surplus**

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Retained earnings (refer note below) | (284.96) | (13.88) |
| **Total reserves and surplus** | **(284.96)** | **(13.88)** |

**Note - Retained earnings:**

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Opening balance | (13.88) | (1.50) |
| Loss for the year | (271.16) | (10.67) |
| Share issue expenses during the year | - | (1.58) |
| Item of other comprehensive income recognised directly in retained earnings | | |
| Remeasurements of post employment benefit obligations (Net of taxes) | 0.08 | (0.13) |
| **Closing balance** | **(284.96)** | **(13.88)** |

| **14(e): Other reserves** | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Cash flow hedging reserve (refer note below) | 0.15 | (0.32) |
| **Total other reserves** | **0.15** | **(0.32)** |

| **Note - Cash flow hedging reserve:** | | |
|---|---|---|
| Opening balance | (0.32) | - |
| Add: Gain / (Loss) recognised in cash flow hedging reserve during the year (Net), net of tax | 0.47 | (0.26) |
| Add: Loss transferred to the statement of profit and loss | - | (0.06) |
| **Closing Balance** | **0.15** | **(0.32)** |

**Nature and Purpose of Reserves**

**Retained Earnings**

Retained earnings comprises of prior years as well as current year's undistributed earnings after taxes

**Cash flow hedging reserve**

The cash flow hedging reserve represents the cumulative effective portion of gains or losses arising on changes in fair value of designated portion of hedging instruments entered into for cash flow hedges. The cumulative gain or loss arising on changes in fair value of the designated portion of the hedging instruments that are recognised and accumulated under the heading of cash flows reserve will be reclassified to statement of profit and loss only when the hedged transaction affects the profit or loss or included as a basis adjustment to the non-financial hedged item.

**Note 15(a): Trade payables**

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Trade payables to micro and small enterprises (refer note 39) | 0.45 | - |
| Trade payables to related parties (refer note 34) | 129.15 | 0.26 |
| Trade payables to acceptances | 539.68 | - |
| Trade payables to others | 88.62 | 0.20 |
| **Total trade payables** | **757.90** | **0.46** |

**Ageing of trade payables:**
**Year ended March 31, 2023**

| Particulars | Unbilled | Not due | Outstanding for following periods from the due date of payment | | | | Total |
|---|---|---|---|---|---|---|---|
| | | | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | |
| **Undisputed trade payables** | | | | | | | |
| Micro enterprises and small enterprises | - | 0.45 | - | - | - | - | 0.45 |
| Others | 37.07 | 555.34 | 165.04 | - | - | - | 757.45 |
| **Total** | 37.07 | 555.79 | 165.04 | - | - | - | 757.90 |

**Year ended March 31, 2022**

| Particulars | Unbilled | Not due | Outstanding for following periods from the due date of payment | | | | Total |
|---|---|---|---|---|---|---|---|
| | | | Less than 1 | 1-2 years | 2-3 years | More than 3 years | |
| **Undisputed trade payables** | | | | | | | |
| Micro enterprises and small enterprises | - | - | - | - | - | - | - |
| Others | 0.46 | - | - | - | - | - | 0.46 |
| **Total** | 0.46 | - | - | - | - | - | 0.46 |

**Notes:**

(i) There are no disputed trade payables as at March 31, 2022

(ii) Unbilled trade payables shall include accruals which are not classified as provisions under IndAS 37

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**Note 15(b): Other financial liabilities**

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Current** | | |
| Interest accrued but not due on borrowings | 8.43 | 1.46 |
| Interest accrued but not due on borrowings to related parties (refer note 34) | 16.28 | 5.02 |
| Trade deposits | 0.15 | - |
| Capital creditors | | |
| total outstanding dues of micro enterprises and small enterprises (refer note 39) | 2.93 | 1.55 |
| total outstanding dues of creditors other than micro enterprises and small enterprises | | |
| Related parties (refer note 34) | - | 11.38 |
| Others | 58.23 | 163.22 |
| Derivatives designated as hedges | | |
| Forward contracts | - | 0.32 |
| Derivatives not designated as hedges | | |
| Forward contracts | 2.30 | 0.69 |
| **Total other current financial liabilities** | **88.32** | **183.64** |

**Note 16: Other current liabilities**

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Trade Advances | 0.50 | 0.01 |
| Statutory dues payable | 10.42 | 1.77 |
| Employee dues payable | 1.47 | 0.06 |
| **Total other current liabilities** | **12.39** | **1.84** |

**Note 17: Borrowings**

| 17 (a) Non- Current borrowings | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Secured** | | |
| Term loan from banks (refer notes (i) and (ii (a)) below) | 905.17 | 278.15 |
| Buyers credit for capital items (refer notes (i) and (ii (b)) below) | 5.21 | - |
| Acceptances for capital items (refer notes (i) and (ii (e)) below) | 50.30 | - |
| **Unsecured** | | |
| Loan from Related party (refer notes ii (d), ii (f) and 34) | 214.60 | - |
| **Total non - Current borrowings** | **1,175.28** | **278.15** |

| 17 (b) Current borrowings | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Secured** | | |
| Current maturities of long term borrowings | 33.48 | - |
| Buyers' credit (refer notes (i) and (ii (b)) below) | - | 3.79 |
| Short term loan from bank (refer notes (i) and (ii (b)) below) | 25.00 | 46.55 |
| **Unsecured** | | |
| Short term loan from related party (refer notes ii (c) and 34) | 0.33 | 249.08 |
| **Total Current borrowings** | **58.81** | **299.42** |

**(i) Nature of security for borrowings**
Secured by first charge ranking pari passu on hypothecation on all movable and immovable property, plant and machinery, intangible assets, insurance policies of the Company both present and future. Second charge on current assets of the company.

**(ii) Terms of repayment and Interest**
a) The capital loan from consortium of Banks are payable in 10 years commencing from December 2023 in quarterly installments. The rate of interest of the consortium lenders are linked to respective bank's MCLR plus spread, such that, average rate of interest during the year was 8.45% p.a.
(b) Carries an interest in range of 4% to 6% pa. and originally repayable at maturity of 12 months. However the company under existing sanctioned facility expects to convert the outstanding buyers credit into term loan and hence classified as non current during the current year.
(c) Carries an interest of 7% and repayable at maturity of 12 months during the previous year.
(d) Carries an interest of 7% and repayable at maturity of upto 36 months as at March 31, 2023.
(e) Carries an interest in range of 4% to 6% pa. and originally repayable at maturity of 12 months. However the company under existing sanctioned facility expects to convert the outstanding acceptances into term loan and hence classified as non current during the current year.
(f) During the year, The company had revised its agreement with its holding company for the availment of term loan & working capital loan. The repayment period for short term loan has been revised to 12 months from the original period of 9 months from the drawdown date and repayment period of working capital loan had been revised to 36 months from the original period of 9 months.

(iii) The Company has used funds raised on short-term basis for long-term purposes to the extent INR 30.24 as at March 31, 2023 (March 31, 2022 - INR 294.47).

| **Net debt reconciliation** | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Cash and cash equivalents | 27.50 | 4.94 |
| Interest accrued but not due on borrowings | (24.71) | (6.48) |
| Borrowings | (1,234.09) | (577.57) |
| | **(1,231.30)** | **(579.11)** |

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| Particulars | Financial Assets | Financial Liabilities | Total |
|---|---|---|---|
| | Cash and cash equivalents [A] | Borrowings [B] | [C] = A + B |
| **Net debts as at April 01, 2021** | **0.48** | **-** | **0.48** |
| **Interest accrued as at April 01, 2021** | | **(0.32)** | **(0.32)** |
| Cash flow (net) | 4.46 | (577.57) | (573.11) |
| Interest capitalised | - | (23.47) | (23.47) |
| Interest expense | - | (1.99) | (1.99) |
| Interest paid | - | 19.30 | 19.30 |
| **Net debts as at March 31, 2022** | **4.94** | **(577.57)** | **(572.63)** |
| **Interest accrued as at March 31, 2022** | **-** | **(6.48)** | **(6.48)** |
| Recognised on adoption of Ind AS 116 | - | - | - |
| Cash flow (net) | 22.56 | (830.51) | (807.95) |
| Interest capitalised | - | (52.63) | (52.63) |
| Interest expense | - | (65.68) | (65.68) |
| Interest paid | - | 100.08 | 100.08 |
| Conversion of Loan to Equity Shares | - | 32.99 | 32.99 |
| Conversion of Loan to Preference shares | - | 141.00 | 141.00 |
| **Net debts as at March 31, 2023** | **27.50** | **(1,234.09)** | **(1,206.59)** |
| **Interest accrued as at March 31, 2023** | **-** | **(24.71)** | **(24.71)** |

**Note 18: Provisions**

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **18(a) Non-current** | | |
| Gratuity (Refer notes (ii) to (vi) below) | 0.86 | 0.68 |
| **Total non-current provisions** | **0.86** | **0.68** |

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **18(b) Current** | | |
| Leave obligations (Refer note (i) below) | 0.63 | 0.40 |
| Gratuity (Refer notes (ii) to (vi) below) | 0.11 | 0.03 |
| **Total current provisions** | **0.74** | **0.43** |
| **Total provisions** | **1.60** | **1.11** |

**Notes:**

**(i) Leave obligations**
The leave obligations cover the Company's liability for earned leave. The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

**(ii) Post-employment obligations - Gratuity**
The Company has a defined benefit gratuity plan in India, governed by the Payment of Gratuity Act, 1972. The plan entitles an employee, who has rendered at least five years of continuous service, to gratuity at the rate of fifteen day wages for every completed year of service or part thereof in excess of six months, based on the rate of wages last drawn by the employee concerned. The gratuity plan is a unfunded plan.

**(iii) Balance sheet amounts - gratuity**

The amounts recognised in the balance sheet and the movements in the net defined benefit obligations over the year are as follows:

| **Present value of obligation** | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Opening balance** | **0.72** | **-** |
| Current service cost | 0.30 | 0.02 |
| Interest expense | 0.05 | 0.04 |
| **Total amount recognised in statement of profit or loss** | **0.35** | **0.06** |
| Liabilities transferred in from other group companies | 0.01 | 0.53 |
| **Total** | **0.01** | **0.53** |

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| **Remeasurements** | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Total Actuarial (Gain)/Loss on Obligation | | |
| Experience losses | - | 0.13 |
| Loss from change in financial assumptions | (0.02) | - |
| Loss from change in demographic assumption | (0.08) | - |
| **Total amount recognised in other comprehensive income** | (0.10) | 0.13 |
| Benefit Payment | - | - |
| **Closing balance** | 0.97 | 0.72 |
| Non-current | 0.86 | 0.69 |
| Current | 0.11 | 0.03 |

The net liability disclosed above relating to unfunded plan is as follows:

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Unfunded plans | 0.97 | 0.72 |

**(iv) Significant actuarial assumptions are as follows:**

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Discount rate | 7.50% | 7.25% |
| Salary growth rate | 6.00% | 6.00% |

**(v) Sensitivity analysis**

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

| Assumptions | Impact on defined benefit obligation | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Change in assumption % | | Increase in assumption | | | Decrease in assumption | | |
| | March 31, 2023 | March 31, 2022 | | March 31, 2023 | March 31, 2022 | | March 31, 2023 | March 31, 2022 |
| Discount rate | 1.00% | 1.00% | Decrease by | 0.07 | 0.04 | Increase by | 0.08 | 0.05 |
| Salary growth rate | 1.00% | 1.00% | Increase by | 0.06 | 0.05 | Decrease by | 0.07 | 0.05 |

**(vi) Defined benefit liability and employer contributions**

The weighted average duration of the defined benefit obligation is 5 years. The expected maturity analysis of undiscounted gratuity benefits is as follows:

| | Less than a year | Between 1-2 years | Between 3-5 years | Over 5 years | Total |
|---|---|---|---|---|---|
| **March 31, 2023** Defined benefit obligations- Gratuity | 0.11 | 0.03 | 0.37 | 0.36 | 0.87 |
| **March 31, 2022** Defined benefit obligations- Gratuity | 0.03 | 0.10 | 0.33 | 0.27 | 0.73 |

**Note 19: Government grants**

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **SGST Incentive Income** (refer note 1 below) | | |
| Opening balance | - | - |
| Grants during the year | 8.81 | - |
| Less: Recognised in the statement of profit and loss | (8.81) | - |
| Closing balance | - | - |

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| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Export benefits** (refer note 2 below) | | |
| Opening balance | - | - |
| Grants during the year | 61.42 | - |
| Less: Recognised in the statement of profit and loss | (0.76) | - |
| Closing balance | 60.66 | - |
| **Total government grants** | 60.66 | - |
| **Non Current** | 57.61 | - |
| **Current** | 3.05 | - |
| **Total government grants** | 60.66 | - |

Note :

1. The company was entitled to State Goods and Services Tax (SGST) incentive, on its investment in the eligible property plant and equipment on fulfillment of the conditions stated in the scheme. The Company is following the net basis of accounting of government grants. As per this method, the balance sheet would reflect the cumulative net amount of grant that has been amortised to date and the cash that has been received / reasonably assured to be received under the terms of the grant and corresponding government grant
2. The Company had availed the benefit of Export Promotion Capital Goods (EPCG) scheme provided by the Government of India (Ministry of Commerce and Industry) on import of fixed assets.

**Note 20: Revenue from operations**

| | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|
| **Revenue from contract with customers** | | |
| **Sale of products** | | |
| Traded goods | - | 62.88 |
| Finished goods | 920.58 | |
| **Total revenue from contract with customers** | 920.58 | 62.88 |

**Other operating income**

| | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|
| Government grants | 11.84 | - |
| Scrap sales | 36.30 | - |
| **Total other operating income** | 48.14 | - |

**Reconciliation of revenue recognised with contract price**

| **Particulars** | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|
| Contract price | 921.82 | 62.88 |
| **Adjustments for:** | | |
| Discounts/ incentive | (1.24) | - |
| **Revenue from operations** | 920.58 | 62.88 |
| **Total Revenue from operations** | 968.72 | 62.88 |

| **Note 21: Other income** | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|
| Interest income from fixed deposits | 0.56 | 0.05 |
| Interest income others | 0.01 | - |
| Net gain on sale of current investments | 0.18 | 0.02 |
| Other income (commission of DEPB) | 0.09 | - |
| Fair valuation gain on investment measured at fair value through profit and loss | 0.09 | - |
| **Total other income** | 0.93 | 0.07 |

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**Note 22: Cost of materials consumed**

| | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|
| Raw materials at the beginning of the year | - | - |
| Add: Purchases | 1,401.00 | - |
| | 1,401.00 | - |
| Less : Raw materials at the end of the year | 208.69 | - |
| **Total cost of materials consumed** | **1,192.31** | **-** |

**Note 23: Purchases of stock-in-trade**

| | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|
| Purchases of stock-in-trade | - | 63.70 |
| **Total purchases of stock-in-trade** | **-** | **63.70** |

**Note 24: Changes in inventories of work-in-progress and finished goods**

| | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|
| **Opening Balance** | | |
| Work-in-progress | - | - |
| Finished goods | - | - |
| | - | - |
| **Closing Balance** | | |
| Work-in-progress | 31.12 | - |
| Finished goods | 123.60 | - |
| | 154.72 | - |
| | - | - |
| **Total changes in inventories of work-in-progress and finished goods** | **(154.72)** | **-** |

**Note 25: Employee benefit expenses**

| | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|
| Salaries, wages and bonus | 25.29 | 2.00 |
| Contribution to provident and other funds (Refer note below) | 1.05 | 0.39 |
| Gratuity (refer note 18) | 0.35 | 0.06 |
| Staff welfare expenses | 1.52 | 0.72 |
| **Total employee benefit expenses** | **28.21** | **3.17** |

**Note:**
**Defined contribution plans**
i. Employers' Contribution to Provident Fund and Employee's Pension Scheme, 1995
ii. National pension scheme
iii. Superannuation fund

| During the year, the Company has recognised the following amounts in the statement of profit and loss: | | |
|---|---|---|
| Employer's Contribution to Provident Fund | 0.96 | 0.36 |
| Employer's Contribution to National Pension Scheme | 0.05 | 0.03 |
| Employer's Contribution to Superannuation fund | 0.04 | - |
| **Total expenses recognised in the statement of profit and loss** | **1.05** | **0.39** |

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**Note 26: Other expenses**

| | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|
| Consumption of stores and spares | 28.30 | 0.51 |
| Labour Charges | 12.52 | 0.09 |
| Coating and othe job charges | 4.18 | 0.01 |
| Power, fuel and water charges | 66.10 | - |
| Freight, material handling and transportation | 17.01 | 0.26 |
| Rental charges | 0.15 | 0.01 |
| Rates and taxes | 0.28 | 0.08 |
| Repairs and maintenance | | |
| - Plant and machinery | 0.75 | - |
| - Buildings | - | - |
| - Others | 0.34 | - |
| Travel and conveyance expenses | 1.40 | 0.02 |
| Communication expenses | 0.04 | - |
| Legal and professional fees | 3.83 | 1.08 |
| Insurance | 0.69 | 0.07 |
| Directors' sitting fees (refer note 34) | 0.01 | - |
| Printing and stationery | 0.04 | - |
| Security charges | 1.05 | 0.49 |
| Membership and subscription | 0.07 | 0.03 |
| Vehicle expenses | 0.13 | 0.01 |
| Net exchange differences | 0.21 | - |
| Payment to auditors (refer note below) | 0.30 | 0.16 |
| Sales promotion expenses | 0.15 | 0.21 |
| Fair valuation loss on investments | - | 0.04 |
| Miscellaneous expenses | 1.29 | 1.41 |
| **Total other expenses** | **138.84** | **4.45** |

Note:
**Details of payment to auditors excluding taxes, as applicable**

| | | |
|---|---|---|
| As auditor: | | |
| Audit fee | 0.20 | 0.10 |
| Tax audit fee | 0.03 | 0.02 |
| Certification fees | 0.07 | 0.04 |
| Total | **0.30** | **0.16** |

**Note 27: Finance costs**

| | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|
| Interest on Term loans | 87.42 | 14.57 |
| Interest on Acceptances and letter of credit charges | 22.91 | 5.49 |
| Finance Charges | 7.98 | 5.40 |
| **Total finance costs** | **118.31** | **25.46** |
| Less : Amount capitalised (see note below) | (52.63) | (23.47) |
| **Finance cost expensed in profit and loss** | **65.68** | **1.99** |

Note : The capitalisation rate used to determine the amount of borrowing costs to be capitalised is the weighted average interest rate applicable to the entity's specific borrowings during the year, in this case 8.34% (March 31, 2022 - 6.3%)

**Note 28: Depreciation and amortisation expenses**

| | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|
| Depreciation of property, plant and equipment (refer note 3) | 28.66 | 0.30 |
| Amortization of intangible assets (refer note 3) | 0.10 | - |
| **Total depreciation and amortisation expense** | **28.76** | **0.30** |

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### Note 29: Income tax and deferred tax

#### 29(a) Deferred tax liabilities (net)

| | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|
| **Deferred tax liabilities :** | | |
| Government grant | (2.03) | - |
| Property, plant & equipments | (18.75) | - |
| **Total Deferred tax liabilities** | (20.78) | - |
| **Deferred Tax Assets :** | | |
| Business loss (including unabsorbed depreciation) | 76.73 | 0.14 |
| Property, plant and equipment | - | 1.78 |
| Cash flow hedges considered in other comprehensive income | 0.10 | 0.06 |
| Employee benefit obligation | 0.10 | 0.19 |
| **Total Deferred tax assets** | 76.93 | 2.17 |
| **Net Deferred tax Assets** | 56.15 | 2.17 |
| **Deferred tax Assets (net) recognised** | 56.15 | *- |

*In the previous year, deferred tax assets has been recognised only to the extent of deferred tax liabilities owing to Company being in capitalisation phase.

#### 29(b) Income tax expense

| | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|
| **(i) Income tax expense** | | |
| Current tax | - | - |
| Deferred tax | 56.15 | - |
| **Total income tax (expense) / credit** | 56.15 | - |

**(ii) Reconciliation of income tax expense and the accounting profit multiplied by India's tax rate**

| | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|
| Loss before tax | (329.43) | (10.67) |
| Tax rate | 17.16% | 17.16% |
| Tax at normal rate | (56.53) | (1.83) |
| Unrecognised Deferred Tax Assets of earlier years | (1.83) | 1.83 |
| Others | 0.21 | - |
| Total tax (expense) / credit as per statement of Profit & loss | 56.15 | - |

**29(c): Deferred tax assets (net)**
**Movement in deferred tax asset and deferred tax liabilities:**

| | Deferred tax asset | | | | | Deferred tax liabilities | | | | Net Deferred tax assets | Net Deferred tax assets recognised |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Business loss (including unabsorbed depreciation) | Cash flow hedges considered in other comprehensive income | Employee benefit obligation | Property, plant and equiment | Total deferred tax asset | Fair Value | Government grants | Property, plant and equiment | Total deferred tax liabilities | | |
| **As at April 01, 2021** | - | - | - | 0.25 | 0.26 | (0.01) | - | - | (0.01) | 0.25 | - |
| Charged / (Credited) to profit and loss | (0.14) | (0.06) | (0.19) | (1.52) | (1.91) | (0.01) | - | - | (0.01) | (1.92) | - |
| **As at March 31, 2022** | 0.14 | 0.06 | 0.19 | 1.78 | 2.17 | - | - | - | - | 2.17 | - |
| Charged / (Credited) to profit and loss | (76.59) | (0.04) | 0.09 | 1.78 | (76.76) | - | 2.03 | 18.75 | 20.78 | (55.98) | - |
| **As at March 31, 2023** | 76.73 | 0.10 | 0.10 | - | 76.93 | - | (2.03) | (18.75) | (20.78) | 56.15 | 56.15 |

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**Note 30: Fair value measurements**

**Financial instruments by category**

| | As at March 31, 2023 | | | As at March 31, 2022 | | |
|---|---|---|---|---|---|---|
| | FVPL | FVOCI | Amortised Cost | FVPL | FVOCI | Amortised Cost |
| **Financial assets** | | | | | | |
| Investments | | | | | | |
| - Equity instruments | 8.35 | - | - | 0.67 | - | - |
| Trade receivables | - | - | 242.42 | - | - | - |
| Cash and cash equivalents | - | - | 27.50 | - | - | 4.94 |
| Bank balances other than cash and cash equivalents | - | - | 43.26 | - | - | 0.03 |
| **Other financial assets** | | | | | | |
| Security deposits | - | - | 1.00 | - | - | 0.31 |
| Other financial assets | - | - | 0.02 | - | - | 2.41 |
| Derivatives designated as hedges - Forward contract | - | 0.25 | - | - | - | - |
| **Total financial assets** | **8.35** | **0.25** | **314.20** | **0.67** | **-** | **7.69** |
| **Financial liabilities** | | | | | | |
| Borrowings (includes interest accured) | - | - | 1,258.80 | - | - | 584.05 |
| Trade payables | - | - | 757.90 | - | - | 0.46 |
| Capital creditors | - | - | 61.16 | - | - | 176.15 |
| Trade deposit | - | - | 0.15 | - | - | - |
| Derivatives designated as hedges - Forward contract | - | - | - | - | 0.32 | - |
| Derivatives not designated as hedges - Forward contract | 2.30 | - | - | 0.69 | - | - |
| **Total financial liabilities** | **2.30** | **-** | **2,078.01** | **0.69** | **0.32** | **760.66** |

**(i) Fair value hierarchy**

This section explains the judgments and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the company has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

**Financial assets and liabilities measured at fair value - recurring fair value measurements at March 31, 2023**

| | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| **Financial assets** | | | | |
| Equity instruments | - | - | 8.35 | 8.35 |
| Derivatives designated as hedges - Forward contract | - | 0.25 | - | 0.25 |
| **Total financial assets** | **-** | **0.25** | **8.35** | **8.60** |
| **Financial liabilities** | | | | |
| Derivatives not designated as hedges - Forward contract | - | 2.30 | - | 2.30 |
| **Total financial liabilities** | **-** | **2.30** | **-** | **2.30** |

**Financial assets and liabilities measured at fair value - recurring fair value measurements at March 31, 2022**

| | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| **Financial assets** | | | | |
| Equity instruments | - | - | 0.67 | 0.67 |
| **Total financial assets** | **-** | **-** | **0.67** | **0.67** |
| **Financial liabilities** | | | | |
| Derivatives designated as hedges - Forward contract | - | 0.32 | - | 0.32 |
| Derivatives not designated as hedges - Forward contract | - | 0.69 | - | 0.69 |
| **Total financial liabilities** | **-** | **1.01** | **-** | **1.01** |

*(All amounts in Rupees crores, unless otherwise stated)*

**Financial assets and liabilities which are measured at amortised cost for which fair value are disclosed at March 31, 2023**

| | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| **Financial Assets** | | | | |
| Security deposits | - | - | 1.00 | 1.00 |
| Other non current financial assets | - | - | 0.02 | 0.02 |
| **Total financial assets** | - | - | 1.02 | 1.02 |
| **Financial liabilities** | | | | |
| Borrowings (includes interest accured) | - | - | 1,258.80 | 1,258.80 |
| **Total financial liabilities** | - | - | 1,258.80 | 1,258.80 |

**Financial assets and liabilities which are measured at amortised cost for which fair value are disclosed at March 31, 2022**

| | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| **Financial Assets** | | | | |
| Security Deposits | - | - | 0.31 | 0.31 |
| **Total financial assets** | - | - | 0.31 | 0.31 |
| **Financial liabilities** | | | | |
| Borrowings (includes interest accured) | - | - | 584.05 | 584.05 |
| **Total financial liabilities** | - | - | 584.05 | 584.05 |

Level 1: This hierarchy includes financial instruments measured using quoted prices. The Company does not have any financial instrument under this category.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. The Company has derivatives which are not designated as hedges for which all significant inputs required to fair value an instrument falls under level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case of unlisted securities.

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**Note 30: Fair value measurement (Contd...)**

**(ii) Valuation techniques used to determine fair value:**

Specific valuation techniques used to value financial instruments include:
- the fair value of unlisted equity instruments are determined using discounted cash flow analysis.
- the fair value of forward contracts is determined using forward exchange rates prevailing with Authorised Dealers dealing in foreign exchange.

**(iii) Fair value measurements using significant unobservable inputs (level 3)**

The following table presents the changes in level 3 items for the year ended March 31, 2023 and March 31, 2022

| | Unlisted equity securities | Total |
|---|---|---|
| **As at April 01, 2021** | 0.71 | 0.71 |
| Gain recognised in profit or loss | (0.04) | (0.04) |
| **As at March 31, 2022** | 0.67 | 0.67 |
| Gain recognised in profit or loss | 0.09 | 0.09 |
| Purchase of investment | 7.59 | 7.59 |
| **As at March 31, 2023** | 8.35 | 8.35 |
| Unrealised (loss)/gain recognised in profit or loss related to assets held at the end of the reporting period | | |
| March 31, 2023 | 0.09 | 0.09 |
| March 31, 2022 | (0.04) | (0.04) |

**(iv) Valuation inputs and relationships to fair value**

| **Particulars** | **Fair value as at March 31, 2023** | **Significant unobservable inputs** | **Probability weighted average as at March 31, 2023** | **Sensitivity** |
|---|---|---|---|---|
| Unquoted equity shares | 0.76 | Risk adjusted discount rate | 14.00% | The estimated fair value would increase/(decrease) if Discount rate were lower/(higher) |
| Unquoted equity shares in associate | 7.59 | At book value | - | The estimated fair value would increase/ decrease based on management estimate |
| **Particulars** | **Fair value as at March 31, 2022** | **Significant unobservable inputs** | **Probability weighted average as at March 31, 2022** | **Sensitivity** |
| Unquoted equity shares | 0.67 | Risk adjusted discount rate | 14.00% | The estimated fair value would increase/(decrease) - Discount rate were lower/(higher) |

**(v) Valuation processes**

(a) The fair value of unlisted equity instruments other than in associate are determined using discounted cash flow analysis by independent valuer.

(b) The fair value of unlisted equity instrument in associate is considered to be same as book value as the investment is made during the year and underlying assets in the associate are in construction phase.

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**Note 30: Fair value measurement (Contd...)**

**(vi) Fair value of financial assets and liabilities measured at amortised cost**

| | As at March 31, 2023 | | As at March 31, 2022 | |
|---|---|---|---|---|
| | Carrying amount | Fair value | Carrying amount | Fair value |
| **Financial Assets** | | | | |
| **Other financial assets** | | | | |
| Security deposits | 1.00 | 1.00 | 0.31 | 0.31 |
| Other non current financial assets | 0.02 | 0.02 | - | - |
| **Total** | **1.02** | **1.02** | **0.31** | **0.31** |
| **Financial liabilities** | | | | |
| Borrowings (includes interest accured) | 1,258.80 | 1,258.80 | 584.05 | 584.05 |
| **Total** | **1,258.80** | **1,258.80** | **584.05** | **584.05** |

a) The carrying amounts of trade payables, capital creditors, current security deposit, trade receivable, cash and cash equivalents and bank balances other than cash and cash equivalents are considered to be the same as their fair values, due to their short-term nature.

b) The fair values and carrying value of security deposits, other financial assets and borrowings are materially the same.

**(vii) Classification of interest income by instrument category**

| | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| **Interest income on financial assets measured at amortised cost** | | |
| Interest income from fixed deposits | 0.56 | 0.05 |
| Interest income others | 0.01 | - |
| **Total** | **0.57** | **0.05** |

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**Note 31 : Financial risk management**

The Company's principal financial liability represents capital creditors and borrowings. The main purpose of these financial liabilities is to pay for the plant setup in Anjar, Gujarat, India. The Company's principal financial assets consists of investments and cash and cash equivalents, other bank balances, trade receivables, and other financial assets. The company also holds investement held at fair value through profit and loss.

The Company's activities exposes it to credit risk, liquidity risk and market risk. The directors of the Company (considering size of business) oversees the management of these risks which are governed by appropriate policies and procedures and financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives.

In order to minimise any adverse effects on the financial performance of the company, derivative financial instruments, such as foreign exchange forward contracts are entered to hedge certain foreign currency risk exposures. Derivatives are used exclusively for hedging purposes and not as trading or speculative instruments.

This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the impact of hedge accounting in the financial statements.

| Risk | Exposure arising from | Measurement | Management |
|---|---|---|---|
| Credit risk | Trade receivables, cash & cash equivalents, other bank balances and other financial assets | Ageing analysis | Diversification of bank deposits, credit limits and letters of credit |
| Liquidity risk | Borrowings and other financial liabilities | Borrowings maturity and cash flow forecasts | Availability of committed credit lines and borrowing facilities |
| Market risk – interest rate risk | Borrowings | Sensitivity analysis | Mix of fixed and floating rate borrowing |
| Market risk – foreign currency risk | Trade payables & Other financial liability | Sensitivity analysis | Forward foreign exchange contracts and derivative contracts |
| Market risk – security prices risk | Investment in mututal funds | Sensitivity analysis | Portfolio diversification |

**(I) Credit risk**

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities, trade receivablez and from its financing activities, including deposits with banks and other financial instruments.

The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition.

**(a) Trade receivable**

Trade receivables are typically unsecured and are derived from revenue earned from customers. Credit risk has been managed by the Company through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business. On account of adoption of Ind AS 109, the Company uses expected credit loss model to assess the impairment loss or gain.

Exposures of trade receivable (net of allowance) broken into ageing bucket is given below:

| | 0-120 Days | More than 120 Days | Total |
|---|---|---|---|
| March 31, 2023 | 242.42 | - | 242.42 |
| March 31, 2022 | - | - | - |

Since the company has started its operations in current year, there is no history of credit loss. The receivables are not due and less than 6 months and have been substantially realised subsequently to the year end. Considering the same the expected credit loss is considered to be Nil and no allowances have been recognised on trade receivables as at March 31, 2023 and March 31, 2022.

**(b) Other financials assets**

The Company maintains exposure majorly in cash and cash equivalents and term deposits with banks and investment in mutual funds. The Company has diversified portfolio of investment with various number of counterparties which have good credit ratings, good reputation and hence the risk is reduced. Individual risk limits are set for each counterparty based on financial position, credit rating and past experience. Credit limits and concentration of exposures are actively monitored by the Company.

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**Note 31 : Financial risk management (Contd..)**

**(II) Liquidity risk**
Liquidity risk refers to the risk that the Company will not be able to meet its financial obligations as they become due. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities comprises of undrawn borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

Prudent liquidity risk management implies maintaining sufficient cash and liquid funds and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions.The liquidity risk is monitored through budgets (comprises of undrawn borrowings below) and cash and cash equivalents on the basis of expected cash flows by the management presented by the Board of Directors.

**(a) Financing arrangements**
The Company has the below mentioned undrawn borrowing facilities at the end of reporting year :

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Floating rate** | | |
| Expiring within one year | | |
| Borrowing | 47.34 | 185.81 |
| Working capacity facility | 93.00 | - |
| **Total** | **140.34** | **185.81** |

**(b) Maturities of financial liabilities:**

The tables below analyses the Company's financial liabilities into relevant maturity groupings based on their contractual maturities.
All non-derivative financial liabilities, and derivative financial instruments for which the contractual maturities are essential for an understanding of the timing of the cash flows.
The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.
**As at March 31, 2023**

| Contractual maturities of financial liabilities | < 1 Year | 1- 3 years | 3- 5 years | > 5 years | Total | Carrying value |
|---|---|---|---|---|---|---|
| **Non-derivatives** | | | | | | |
| Borrowings (including Interest ) | 156.53 | 745.70 | 353.83 | 357.71 | 1,613.77 | 1,258.80 |
| Other financial liabilities- Capital Creditors | 61.16 | - | - | - | 61.16 | 61.16 |
| Trade payables | 757.90 | - | - | - | 757.90 | 757.90 |
| Trade deposit | 0.15 | - | - | - | 0.15 | 0.15 |
| **Total non-derivative liabilities** | **975.74** | **745.70** | **353.83** | **357.71** | **2,432.98** | **2,078.01** |
| **Derivatives** | | | | | | |
| Forward contracts | 2.30 | - | - | - | 2.30 | 2.30 |
| **Total derivative liabilities** | **2.30** | - | - | - | **2.30** | **2.30** |

**As at March 31, 2022**

| Contractual maturities of financial liabilities | < 1 Year | 1- 3 years | 3- 5 years | > 5 years | Total | Carrying value |
|---|---|---|---|---|---|---|
| **Non-derivatives** | | | | | | |
| Borrowings (including Interest ) | 280.73 | 136.89 | 100.48 | 154.27 | 672.37 | 584.05 |
| Other financial liabilities- Capital Creditors | 176.15 | - | - | - | 176.15 | 176.15 |
| Trade Payables | 0.46 | - | - | - | 0.46 | 0.46 |
| **Total non-derivative liabilities** | **457.34** | **136.89** | **100.48** | **154.27** | **848.98** | **760.66** |
| **Derivatives** | | | | | | |
| Forward contracts | 1.01 | - | - | - | 1.01 | 1.01 |
| **Total derivative liabilities** | **1.01** | - | - | - | **1.01** | **1.01** |

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**Note 31 : Financial risk management (Contd..)**

**(III) Market risk**
Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: Foreign currency risk, interest rate risk and investment price risk.

**(1) Foreign currency risk**
The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters utilising forward foreign exchange contracts.
The Company uses foreign currency forward contracts to hedge its risks associated with foreign currency fluctuations relating to certain firm commitments, highly probable forecast transactions and foreign currency required at the settlement date of certain receivables/payables. The use of foreign currency forward contracts is governed by the Company's strategy approved by the board of directors, which provide principles on the use of such forward contracts consistent with the Company's risk management policy and procedures.

**a) Foreign currency risk exposure**
The Company's exposure to foreign currency risk at the end of the reporting period expressed in equivalent in INR Rupees in crores is as follows:

| | As at March 31, 2023 | | As at March 31, 2022 | |
|---|---|---|---|---|
| | USD | EUR | USD | EUR |
| **Financial assets** | | | | |
| Trade receivables | 33.38 | - | - | - |
| Forward contracts (Sell foreign currency) | (33.38) | - | - | - |
| **Financial liabilities** | | | | |
| Non-current borrowings | | | | |
| Acceptances | 50.30 | - | - | - |
| Trade payable | 286.87 | - | - | - |
| Current Borrowings - buyer's credit | - | - | - | 3.79 |
| Other financial liabilities- Capital creditors | 10.51 | 0.12 | 107.00 | 0.23 |
| Forward contracts (Buy foreign currency) | (347.68) | (0.12) | (107.03) | (3.99) |

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**Note 31 : Financial risk management (Contd..)**

**b) Sensitivity**

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments and impact on other components of equity arises from foreign forward exchange contracts, designated as cash flow hedges.

| | Net impact on profit / loss before tax | | Net impact on other reserve | |
|---|---|---|---|---|
| | As at March 31, 2023 | As at March 31, 2022 | As at March 31, 2023 | As at March 31, 2022 |
| USD sensitivity | | | | |
| INR/USD - Increase by 1%# | - | -* | - | - |
| INR/USD - Decrease by 1%# | - | -* | - | - |
| EUR sensitivity | | | | |
| INR/EUR - Increase by 1%# | - | -* | - | - |
| INR/EUR - Decrease by 1%# | - | -* | - | - |

# Holding all other variables constant.
*Amount below rounding off norms adopted by the company

**(2) Interest rate risk**

The Company's main interest rate risk arises from borrowings with variable rates arising principally on changes in 6 month MCLR rates, which expose the company to cash flow interest rate risk. The Company's borrowings were at fixed rate and floating rate in March 31, 2023.

The Company's fixed rate borrowings are carried at amortised cost. They are therefore not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

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**Note 31 : Financial risk management (Contd..)**

**(a) Interest rate risk exposure**

The exposure of the Company's borrowing to interest rate changes at the end of the reporting year are as follows:

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Fixed rate borrowings | 214.93 | 249.08 |
| Floating rate borrowings | 1,019.16 | 328.49 |
| | 1,234.09 | 577.57 |

**(b) Sensitivity**

Profit or loss is sensitive to higher/ lower interest expense from borrowings as a result of changes in interest rates.

| | Impact on profit / loss before tax | |
|---|---|---|
| | As at March 31, 2023 | As at March 31, 2022 |
| Interest rate increase by 100 basis points* | (10.19) | 3.28 |
| Interest rate decrease by 100 basis points* | 10.19 | (3.28) |

* Holding all other variables constant

**3) Investment Price Risk**

There are no investments exposed to investment price risk as on March 31, 2023 and March 31, 2022.

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**31. Financial risk management (Contd...)**

**(IV) Impact of hedging activities**

The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters utilising forward contracts and derivative contracts.

**a) Disclosure of effects of hedge accounting on financial position:**

**As at March 31, 2023**

| Type of hedge and risks | Nominal value | | Carrying amount of hedging instrument | | Maturity date | Hedge ratio |
|---|---|---|---|---|---|---|
| | Assets | Liabilities | Assets | Liabilities | | |
| **Cash flow hedge**<br>**Foreign exchange risk**<br>Forward contract | 33.38 | - | 0.25 | - | Apr 23 - Jul 23 | 1:1 |

**As at March 31, 2022**

| Type of hedge and risks | Nominal value | | Carrying amount of hedging instrument | | Maturity date | Hedge ratio |
|---|---|---|---|---|---|---|
| | Assets | Liabilities | Assets | Liabilities | | |
| **Cash flow hedge**<br>**Foreign exchange risk**<br>Forward contract | - | 49.43 | - | 0.32 | Nov 22 - Mar 23 | 1:1 |

**As at March 31, 2023**

| Type of hedge | Change in the Value of hedging instrument recognised in other comprehensive income | Hedge ineffectiveness recognised in profit or loss | Amount reclassified from cash flow hedging reserve to profit or loss | Line item affected in statement of profit and loss because of the reclassification |
|---|---|---|---|---|
| **Cash Flow Hedge**<br>Foreign Exchange Risk | 0.47 | - | - | - |

**As at March 31, 2022**

| Type of hedge | Change in the Value of hedging instrument recognised in other comprehensive income | Hedge ineffectiveness recognised in profit or loss | Amount reclassified from cash flow hedging reserve to profit or loss | Line item affected in statement of profit and loss because of the reclassification |
|---|---|---|---|---|
| **Cash Flow Hedge**<br>Foreign Exchange Risk | (0.26) | - | (0.06) | Other expense |

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**31. Financial risk management (Contd...)**

The Company uses forward contracts to hedge its risks associated with foreign currency fluctuations relating to certain firm commitments, highly probable forecast transactions and foreign currency required at the settlement date of certain receivables/payables. The use of forward contracts is governed by the Company's strategy approved by the board of directors, which provide principles on the use of such forward contracts consistent with the Company's risk management policy.

The Company's hedging policy only allows for effective hedge relationships to be established. Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument. The Company enters into hedge relationships where the critical terms of the hedging instrument match exactly with the terms of the hedged item, and so a qualitative assessment of effectiveness is performed. If changes in circumstances affect the terms of the hedged item such that the critical terms no longer match exactly with the critical terms of the hedging instrument, the Company uses the hypothetical derivative method to assess effectiveness. Ineffectiveness is recognised on a cash flow hedge and net investment hedge where the cumulative change in the designated component value of the hedging instrument exceeds on an absolute basis the change in value of the hedged item attributable to the hedged risk. In hedges of foreign currency forecast sale and purchase transactions, hedges of interest rate risk and hedges of net investment this may arise if:

(i) The critical terms of the hedging instrument and the hedged item differ (i.e. nominal amounts, timing of the forecast transaction, interest resets changes from what was originally estimated), or
(ii) Differences arise between the credit risk inherent within the hedged item and the hedging instrument. There were no ineffectiveness recognised in the statement of profit and loss during March 31, 2023 and March 31, 2022.

**b) Movements in cash flow hedging reserve**

| **Risk category** | **Foreign currency risk** |
|---|---|
| **Derivative instruments** | **Forward contracts** |
| **Cash flow hedging reserve** | |
| **As at April 01, 2021** | - |
| Loss recognised in cash flow hedging reserve during the year (net) | (0.26) |
| Loss transferred to the statement of profit and loss | (0.06) |
| **As at March 31, 2022** | **(0.32)** |
| **Cash flow hedging reserve** | |
| Gain recognised in cash flow hedging reserve during the year (net) | 0.47 |
| Loss transferred to the statement of profit and loss | - |
| **As at March 31, 2023** | **0.15** |

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**Note 32 : Capital management**

**(a) Risk management**
For the purpose of the Company's capital management, capital includes issued equity capital and all other equity reserves.

The Company's objectives when managing capital are to:
- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- maintain an optimal capital structure to reduce cost of capital.

The Company monitors capital on the basis of the following gearing ratio:

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Net debt (total borrowings net of cash and cash equivalents and other bank balances) | 1,163.33 | 572.60 |
| Total equity | 186.19 | 282.81 |
| **Net debt equity ratio** | **6.25** | **2.02** |

**(i) Loan covenants**
The Company has borrowings as at the end of the reporting period, however, as per the terms of bank sanction letter debt covenants are not applicable for current financial year.

**(b) Dividends**
The Company has not declared dividends in the current reporting period.

**Note 33: Segment Information**

(i) Description of segments and principal activities

The Company's chief operating decision makers are its Board of Directors Company who examines the Company's performance only from the product perspective and has accordingly, identified only one reportable segment which is manufacturing of liquid metal to be used for production of ductile iron pipes and also manufacturing and selling of pig iron.

(ii) The chief operating decision makers primarily uses a measure of profit before tax as included in the internal management report to assess the performance of the operating segment which is measured consistently with profit or loss in the financial statements.

(iii) Revenue from major external customers:

| For the year ended | Number of customer | Amount | % to revenue from operations |
|---|---|---|---|
| March 31, 2023 | 4 | 897.04 | 93% |
| March 31, 2022 | 1 | 62.88 | 100% |

(iv) The Company is domiciled in India. The amount of its revenue from external customers broken down by location of the customers is shown in the table below :

| Revenue from external customers | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| India | 816.93 | 62.88 |
| Outside India | 151.79 | - |
| **Total** | **968.72** | **62.88** |

(v) The total of non-current assets broken down by location of the assets, is shown below:

| | For year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| Outside India | 0.03 | 8.49 |
| Within India | 1,467.95 | 1,027.85 |
| **Total** | **1,467.98** | **1,036.34** |

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**Note 34: Related party transactions**

**(a) Entities having significant influence**

| Name | Type | Ownership interest March 31, 2023 | Ownership interest March 31, 2022 |
|---|---|---|---|
| Welspun Group Master Trust (entity has significant influence on Welspun Corp Limited, holding company) | Significant influence | 44.76% | 44.86% |

**(b) Holding Company**

| Name | Type | Ownership interest March 31, 2023 | Ownership interest March 31, 2022 |
|---|---|---|---|
| Welspun Corp Limited | Holding company | 100% | 100% |

**(c) Associate Company**

| Name | Type | Ownership interest March 31, 2023 | Ownership interest March 31, 2022 |
|---|---|---|---|
| Clean Max Dhyuthi Private Limited | Associate | 26% | - |

**(d) Key management personnel**

| Name | Nature of relationship |
|---|---|
| Mr. Vipul Mathur | Whole-time Director & Chief Financial Officer (w.e.f. April 07, 2021) Non Executive, Additional Director (w.e.f. March 23, 2021) |
| Mr. Percy Birdy | Non Executive, Additional Director (w.e.f. March 23, 2021 till May 20, 2022), Director and Chief Financial Officer (w.e.f May 20, 2022) |
| Mr Neeraj Kant | Whole-time Director (w.e.f. May 23, 2023) |
| Mr Revathy Ashok | Non Executive, Director (w.ef. March 16, 2022) |
| Mr. Harish Chandra Gupta | Non Executive, Director (w.e.f. July 31, 2020 till May 13, 2022) |
| Mr. Arpit Bhandari | Company Secretary (w.e.f. March 23, 2021 till May 20, 2022) |
| Mr. Pradeep Joshi | Company Secretary (w.e.f. May 20, 2022) |

**(e) List of other entities over which key management personnel or relatives of such personnel exercise significant influence or control and entities which are members of same group with whom transaction have taken place during the current year and previous year:**

| |
|---|
| Welspun Captive Power Generation Limited |
| Welspun India Limited |
| Welspun Corp Limited |
| Welspun Anjar SEZ Limited |
| Welspun Speciality Solutions Limited |
| Welassure Private Limited |
| Welspun DI Pipes Limited |
| Anjar TMT Steel Private Limited |
| Welspun Reality Private Limited |
| Welspun Global Brands Limited |
| Welspun Transformation Services Limited |
| Welspun Global Services Limited |
| Welspun Enterprises Limited |
| Clean Max Dhyuthi Private Limited |

**(f) Transactions with related parties**

The following transactions occurred with related parties:

| | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| **Sale of goods** | | |
| Welspun Corp Limited | 8.71 | - |
| Welspun India Limited | 16.49 | |
| Welspun DI Pipes Limited | 276.38 | - |
| Anjar TMT Steel Private Limited | 0.42 | - |
| Welspun Captive Power Generation Limited | 3.87 | |
| **Total sale of goods** | **305.87** | - |

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**Note 34: Related party transactions (Contd..)**

| | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| **Proceeds from sale of Land** | | |
| Welspun DI Pipes Limited | 0.88 | - |
| **Total proceeds from sale of land** | **0.88** | **-** |
| **Sale of materials clubbed under CWIP** | | |
| Welspun Corp Limited | - | 2.64 |
| Welspun DI Pipes Limited | - | 0.06 |
| Anjar TMT Steel Private Limited | - | 0.03 |
| **Total sale of materials clubbed under CWIP** | **-** | **2.73** |
| **Additions to capital work in progress** | | |
| Welspun Corp Limited | 10.80 | 26.70 |
| Welspun India Limited | 1.16 | 1.54 |
| Welspun Captive Power Generation Limited | 2.43 | 1.59 |
| Welassure Private Limited | 0.96 | 0.98 |
| Welspun DI Pipes Limited | 0.72 | 1.08 |
| Welspun Realty Private Limited | 0.03 | 0.07 |
| Welspun Global Brands Limited | 0.52 | - |
| Welspun Transformation Services Limited | 0.02 | - |
| Welspun Global Services Limited | 0.03 | - |
| Welspun Enterprises Limited | 0.04 | - |
| Anjar TMT Steel Private Limited | 1.73 | - |
| **Total additions to capital work in progress** | **18.44** | **31.96** |
| **Purchases of goods & services** | | |
| Welspun Corp Limited | 142.61 | - |
| Welspun India Limited | 9.09 | - |
| Welassure Private Limited | 14.22 | - |
| Welspun Captive Power Generation Limited | 7.23 | - |
| Welspun Global Brands Limited | 7.50 | - |
| Welspun Global Services Limited | 0.04 | - |
| Welspun Anjar Sez Limited | 0.10 | - |
| Welspun Transformation Services Limited | 1.18 | - |
| Welspun DI Pipes Limited | 0.29 | - |
| **Total purchase of goods & services** | **182.26** | **-** |
| **Purchase of Land** | | |
| Welspun Corp Limited | 4.50 | - |
| Welspun India Limited | 0.23 | - |
| Welspun Anjar SEZ Limited | - | 3.00 |
| **Total purchase of land** | **4.73** | **3.00** |
| **Directors' sitting fees** | | |
| Mr Revathy Ashok | 0.01 | - |
| **Total directors' sitting fees** | **0.01** | **-** |
| **Reimbursement of expenses** | | |
| Welspun India Limited | 1.57 | 0.90 |
| Welspun Corp Limited | 3.99 | 6.11 |
| **Total reimbursement of expenses** | **5.56** | **7.01** |

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**Note 34: Related party transactions (Contd..)**

| | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| **Additions to borrowings** | | |
| Welspun Corp Limited | 244.84 | 346.56 |
| Welspun DI Pipes Limited | - | 152.50 |
| **Total additions to borrowings** | **244.84** | **499.06** |
| **Repayment of borrowing** | | |
| Welspun Corp Limited | 105.00 | 97.48 |
| Welspun DI Pipes Limited | - | 152.50 |
| **Total repayment of borrowing** | **105.00** | **249.98** |
| **Finance cost** | | |
| Welspun Corp Limited | 17.80 | - |
| **Total finance cost** | **17.80** | **-** |
| **Rent paid** | | |
| Welspun Corp Limited | 0.02 | - |
| Welspun Realty Private Limited | 0.06 | - |
| **Total Rent paid** | **0.08** | **-** |
| **Conversion of CCD to equity share capital** | | |
| Welspun Corp Limited | - | 85.00 |
| **Total conversion of CCD to equity share capital** | **-** | **85.00** |
| **Conversion of term loan to preference share capital** | | |
| Welspun Corp Limited | 141.00 | - |
| **Total conversion of term loan to preference share capital** | **141.00** | **-** |
| **Conversion of term loan to equity share capital** | | |
| Welspun Corp Limited | 32.99 | - |
| **Total conversion of term loan to equity share capital** | **32.99** | **-** |
| **Issue of 8% Convertible Non-Cumulative Optionally Redeemable Preference Share** | | |
| Welspun Corp Limited | - | 138.00 |
| **Total issuance of preference shares** | **-** | **138.00** |

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**Note 34: Related party transactions (Contd..)**

| | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| **Investment in associate** | | |
| Clean Max Dhyuthi Private Limited | 7.59 | - |
| **Total investment in associate** | **7.59** | **-** |

Note : Amount is inclusive of applicable taxes

**(g) Disclosure of closing balances:**

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Trade payables** | | |
| Welspun Corp Limited | 117.05 | 0.26 |
| Welspun Captive Power Generation Limited | 1.77 | - |
| Welspun Global Brands Limited | 7.93 | - |
| Welspun Transformation Services Limited | 0.53 | - |
| Welspun Enterprises Limited | 0.04 | - |
| Welspun Anjar Sez Limited | 0.07 | - |
| Anjar TMT Steel Private Limited | 1.23 | - |
| Welassure Private Limited | 0.53 | - |
| **Total trade payables** | **129.15** | **0.26** |
| **Trade receivables** | | |
| Welspun India Limited | 1.70 | - |
| Welspun DI Pipes Limited | 51.25 | - |
| **Total trade receivables** | **52.95** | **-** |
| **Other receivables** | | |
| Welspun Corp Limited | - | 2.41 |
| **Total other receivables** | **-** | **2.41** |
| **Investments in equity instruments** | | |
| Welspun Captive Power Generation Limited | 0.76 | 0.67 |
| Clean Max Dhyuthi Private Limited | 7.59 | - |
| **Total investments in equity instruments** | **8.35** | **0.67** |
| **Equity share capital** | | |
| Welspun Corp Limited | 118.00 | 85.01 |
| **Total equity share capital** | **118.00** | **85.01** |
| **6% Convertible Non-Cumulative Optionally Redeemable Preference Share** | | |
| Welspun Corp Limited | 353.00 | 212.00 |
| **Total preference share capital** | **353.00** | **212.00** |

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**Note 34: Related party transactions (Contd..)**

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Interest accrued but not due on borrowings** | | |
| Welspun Corp Limited | 16.28 | 5.02 |
| **Total interest accrued but not due on borrowings** | **16.28** | **5.02** |
| **Borrowings** | | |
| Welspun Corp Limited | 214.93 | 249.08 |
| **Total borrowings** | **214.93** | **249.08** |
| **Capital creditors** | | |
| Welspun Corp Limited | - | 9.95 |
| Welspun India Limited | - | 1.13 |
| Welspun Captive Power Generation Limited | - | 0.20 |
| Welassure Private Limited | - | 0.10 |
| **Total capital creditors** | **-** | **11.38** |

**(h) Terms and conditions**

All transactions were made on normal commercial terms and conditions and at market rates.
All outstanding balances are unsecured and are repayable through banking channels.

**Note 35: Contingent liability**

There are no contingent liabilities as at March 31, 2023 and March 31, 2022.

**Note 36: Commitments**

**(a) Capital commitments**

Capital expenditure contracted for at the end of the reporting period but not recognised as liabilities is as follows:

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Estimated amount of contracts remaining to be executed on capital account (net of advances): Property, plant and equipment (Net of advances March 31, 2023: INR 5.82 (March 31, 2022 : INR 46.28 )) | 31.19 | 267.16 |

**(b) Other commitments**

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Export obligations for EPCG government grant | 368.52 | - |
| Outstanding letters of credit | 195.85 | 723.07 |

**Note 37: Earning/ (Loss) per equity share**

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Loss attributable to the equity holders of the Company | (271.16) | (10.67) |
| Weighted average number of equity shares (Nos.) outstanding during the year | 10,48,04,400 | 8,50,11,000 |
| Basic and diluted loss per share (Rs.) | (25.87) | (1.26) |
| Nominal value of an equity share (Rs.) | 10.00 | 10.00 |

Note: Since there is a loss for the year ended March 31, 2023 and for the year ended March 31, 2022, potential equity shares are not considered as dilutive and hence diluted EPS is same as Basic EPS.

**Note 38: Note on code on Social Security, 2020**

The Indian Parliament has approved the Code on Social Security, 2020 which would impact the contributions by the Company towards Provident Fund and Gratuity. The draft rules for the Code on Social Security, 2020 have been released by the Ministry of Labour and Employment on November 13, 2020. The Company is in the process of assessing the additional impact on Provident Fund contributions and on Gratuity liability contributions and will complete their evaluation and give appropriate impact in the financial statments in the period in which the rules that are notified become effective.

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### Note 39: Micro, Small and Medium Enterprises Development Act, 2006

Disclosure of amount due to suppliers under "The Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act)" is as under:

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Principal amount due to suppliers registered under MSMED Act and remaining unpaid as at period end | 3.30 | 1.41 |
| Interest accrued and due to suppliers registered under the MSMED Act and remaining unpaid as at period end | - | 0.02 |
| | **3.30** | **1.43** |
| Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed day during the period | 3.44 | 37.69 |
| Interest paid, under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the period | - | - |
| Interest paid, other than under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the period | - | - |
| Amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the period) but without adding the interest specified under the MSMED Act | 0.08 | 0.06 |
| Interest accrued and remaining unpaid at the end of each accounting year | 0.22 | 0.08 |
| Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the MSMED Act | 0.22 | 0.14 |
| Total outstanding dues of MSME | **3.38** | **1.55** |

*Includes dues of micro, small and medium enterprises

### Note 40: Going Concern

The management has made an assessment on the basis of the financial ratios ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements, knowledge of the Board of Directors and management plans and has not noted any material uncertainty that the Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. Basis this, the Company has prepared its financial statements on a going concern basis.

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**Note 41 : Key Financial Ratio with explanations**

| Ratio | Numerator | Denominator | Current Year | Previous Year | Variance in % | Reasons |
|---|---|---|---|---|---|---|
| Current ratio (times) | Current assets | Current liabilities | 0.95 | 0.02 | 4052.01% | Increase is mainly on account of increase in current asset |
| Debt-equity ratio (times) | Total debt (Note 1) | Total equity | 6.63 | 2.04 | 224.55% | Increase is mainly on account of increase in total debt |
| Debt service coverage ratio (times) | Earnings for debt service (Note 2) | Debt service (Note 3) | -1.12 | 0.38 | -393.30% | Change in the ratio is mainly on account of higher interest (including interest capitalised) in the current year |
| Return on equity (%) | Loss for the year | Average shareholders equity | -115.63% | -4.85% | 2285.95% | Increase is mainly on account of Increase in the loss in the current year. |
| Inventory turnover ratio (times) | Cost of goods sold (Note 4) | Inventory | 280.26% | N.A. | N.A. | Not applicable (refer note 7) |
| Trade receivables turnover ratio (times) | Revenue from operations | Trade receivable | 399.60% | N.A. | N.A. | Not applicable (refer note 7) |
| Trade payable turnover ratio (times) | Purchases and other expenses (excluding non-cash expenses) | Trade payable | 207.78% | 14919.57% | -98.61% | Increase is mainly on account of Increase in the trade payable in the current year. |
| Net capital turnover ratio (times) | Revenue from operations | Working capital (Note 5) | (20.17) | (0.13) | 15123.87% | Increase in ratio mainly due to increase in revenue for the year, this being first year of operations. |
| Net Profit ratio (%) | Loss for the year | Revenue from operations | -28% | -17% | 64.96% | Increase in ratio mainly due to incurring loss for the year, this being first year of operations. |
| Return on capital employed (%) | Earnings before interest and tax | Capital employed (Note 6) | -14.31% | -1.01% | 1318.85% | Increase in ratio mainly due to incurring loss for the year, this being first year of operations. |
| Return on Investment (%) | Earnings before interest and tax | Total assets | -8.78% | -0.83% | 959.12% | Increase in ratio mainly due to incurring loss for the year, this being first year of operations. |

**Notes:**
1 Total Debt = Non-current borrowings and Current borrowings
2 Earning for debt service = Net profit after taxes + Non-cash operating expenses like depreciation and other amortisations + Interest
3 Debt service = Interest and principal repayments including lease payments.
4 Cost of Goods Sold = Cost of material consumed + Purchases of stock-in-trade + Changes in inventories of finished goods and work-in progress
5 Working capital = Current assets minus Current liabilities.
6 Capital employed = tangible net worth + total debt + deferred tax liability.
7 Since, the Company was under capitalisation phase and does not have any inventory, trade receivable relating to operating activities, the following ratios are not applicable for the previous year :
-Inventory turnover ratio
-Trade receivable turnover ratio

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Chartered Accountants
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Mumbai

*(All amounts in Rupees crores, unless otherwise stated)*

## Note 42: Additional regulatory information required by Schedule III

### (i) Details of benami property held

No proceedings have been initiated on or are pending against the company for holding benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and Rules made thereunder.

### (ii) Borrowing secured against current assets

The company has borrowings from banks and financial institutions on the basis of security of current assets.

| Name of the Bank/ Financial Institution | Aggregate working capital limits sanctioned | Nature of Current Asset offered as Security | Quarter ended | Amount disclosed as per quarterly return/ statement | Amount as per books of account | Difference | Reasons for difference |
|---|---|---|---|---|---|---|---|
| Bank of Baroda, Union Bank of India, Axis Bank, Yes Bank, IDFC First Bank | 925.00 | Trade Receivable, Trade Payables and Inventory | 31-Dec-22 | (10.78) | 24.40 | (35.18) | Difference is on account of finalisation entries passed after the submission to the bank. |
| | | | 31-Mar-23 | (2.00) | (12.77) | 10.77 | |

The company did not file quarterly report or statements with bank for quarters ended June 2022 and September 2022 as the company had not utilised any sanction during those quarters. The company had filed quarterly returns or statements for the quarter ended December 2022 and March 2023 which are not in agreement with the unaudited books of accounts. The company is in the process of filing the updated quarterly returns or statements for December 2022 and March 2023 quarter subsequent to the year end.

### (iii) Wilful defaulter

The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.

### (iv) Relationship with struck off companies

The Company has no transactions with the companies struck off under Companies Act, 2013 or Companies Act, 1956.

### (v) Compliance with number of layers of companies

The company has complied with the number of layers prescribed under the Companies Act, 2013

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Mumbai

**(vi) Compliance with approved scheme(s) of arrangements**

Pursuant to the Board Resolution dated March 14, 2023, the Company and Welspun Corp Limited ("WCL") had filed a joint application with the National Company Law Tribunal ("NCLT"), Mumbai for the merger of the Company into WCL from appointed date as April 1, 2022, under Section 230 to 232 of the Companies Act, 2013 read with the Companies (Compromise, Arrangements and Amalgamations) Rules, 2016. The merger scheme/ application is yet to be approved by the NCLT, subsequent to which the merger scheme would be effective.

**(vii) Utilisation of borrowed funds**

The company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:

a. directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or

b. provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries

The company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the company shall:

a. directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or

b. provide any guarantee, security or the like on behalf of the ultimate beneficiaries

**(viii) Undisclosed income**

There is no income surrendered or disclosed as income during the current year or previous year in the tax assessments under the Income Tax Act, 1961, that has not been recorded in the books of account.

**(ix) Details of crypto currency or virtual currency**

The company has not traded or invested in crypto currency or virtual currency during the current or previous year.

**(x) Valuation of PP&E, intangible asset and investment property**

The company has not revalued its property, plant and equipment (including capital work-in-progress) and intangible assets during the current or previous year.

**(xi) Title deeds of immovable properties**

The title deeds of all the immovable properties as disclosed in note 3 are held in the name of the Company.

**(xii) Registration of charges or satisfaction with Registrar of Companies**

There are no charges or satisfaction which are yet to be registered with the Registrar of Companies beyond the statutory period.

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**Welspun Metallics Limited**
**Notes annexed to and forming part of the financial statements for the year ended March 31, 2023**
*(All amounts in Rupees crores, unless otherwise stated)*

**(xiii) Utilisation of borrowings availed from banks and financial institutions**
The borrowings obtained by the company from banks and financial institutions have been applied for the purposes for which such loans were was taken except for INR 6.76 crore which is pending for utilisation and are included under cash and cash equivalents as at March 31, 2023 (March 31, 2022 INR 0.06 crore).

**Note 43: Core Investment Companies (CIC)**
Management has assessed that there are three CIC in the Group ('Companies in the Group' is as defined in Master Direction - Core Investment Companies (Reserve Bank) Directions, 2016, as amended).

**Note 44 :** The figures for the previous period have been regrouped wherever necessary.

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As per our attached report of even date

**For Price Waterhouse Chartered Accountants LLP**
Firm Registration No: 012754N / N500016

**Ali Akbar**
Partner
Membership No. 117839

Place: Mumbai
Date: May 23, 2023

**For and on behalf of the Board**

**Vipul Mathur**
Director
DIN No. 07990476
Place: Anjar

**Percy Birdy**
Director and
Chief Financial Officer
DIN: 07634795
Place: Mumbai

**Neeraj Kant**
Director
DIN : 06598469
Place: Anjar
Date: May 23, 2023

**Pradeep Joshi**
Company Secretary
FCS-4959
Place: Mumbai