
Directors' Report 2022 -23

Dear Members,

Your Directors take pleasure in presenting the Eleventh (11th) Annual Report on the business and operations of the Company along with the audited financial statements for the financial year ended on 31st March 2023.

1. Financial Results

The financial performance of the Company, for the financial year ended 31st March, 2023 is summarised below:

Particulars	Rs. In Lakhs	
	2022-23	2021-22
Total Income	60,345.26	49,363.64
Earnings before Interest, Depreciation & Tax	(1276.47)	1,244.56
Profit/(Loss) Before Taxation	(1,880.56)	655.92
Profit / (Loss) After Taxation	(1,880.56)	(382.58)
Earnings Per Share (Rs.)	(4.77)	(1.40)

2. Review of Operations

During the financial year under review, sales for FY 2022-23 were Rs.60,345.26 Lakhs as compared to Rs 49,363.64 Lakhs in the previous year, i.e. an Increase of 22.22%. In Quantitative terms, sales for FY 2021-2022 was 19034.440 MT as compared to 18681.780 MT in the previous year, i.e. an Increase of 1.88%.

3. Outlook for Financial Year 2023-24

The order position of the Company at the start of 2023-24 is very good. We expect that the markets shall remain steady during FY 2023-24 even though there are some uncertainties due to the Ukraine War and upsurge in commodity prices and high inflation. The domestic market is expected to grow in line with the GDP growth of the country. The export market shall remain subdued due to various quota restrictions in the EU market.

4. Subsidiaries/ Associates / Joint Venture

The Company does not have any subsidiaries, associates and joint ventures.

5. Dividend

In view of reduced profits and the need to conserve funds for Capital Expenditure, the Directors have decided not to declare dividend for the year.

6. Transfer to Reserves

No amount has been transferred to Reserves during the year under review.

7. Share Capital

The paid up Equity Share Capital of the Company was Rs. 2,730 Lacs as on 31st March, 2023 which is same as in the previous year as on 31st March 2022.

8. Deposits

The Company has not accepted or renewed any amount falling within the purview of provisions of Section 73 of the Companies Act 2013 ("the Act") read with the Companies (Acceptance of Deposit) Rules, 2014 during the year under review.

9. Material Changes and Commitments

The Scheme of Arrangement filed with National Company Law Tribunal, Mumbai Bench (NCLT) for demerger of alloy steel business of the Company into Mukand Sumi Special Steel Limited (MSSSL) as a going concern has been approved by the NCLT vide its order dated May 12, 2022. The certified copy of the NCLT was filed with Registrar of Companies on August 23, 2022. Accordingly, the Scheme is made effective from August 23, 2022.

10. Particulars of Loans, Guarantees and Investments

The Company has neither given any loans/guarantees to any other entities during the financial year.

11. Related Party Transactions

There were no related party transactions entered into by the Company during the financial year which attracted the provisions of Section 188 of the Companies Act, 2013 as all related party transactions that were entered into by the Company during the year were on an arm's length basis and were in the ordinary course of the Company's business. Hence there are no transactions which are required to be disclosed in Form AOC-2.

12. Director's Responsibility Statement

Pursuant to clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013, the Board of Directors of the Company hereby state and confirm that:

- i. in the preparation of the annual accounts, the applicable accounting standards have been followed and no material departures have been made there from;
- ii. the directors have 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 for the financial year ended as at 31st March, 2023 and of the profit of the Company for the said period;
- iii. the directors have 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;
- iv. the directors have prepared the annual accounts on a going concern basis;
- v. the Company being an unlisted public company, is not required to lay down internal financial controls to be followed by the Company; and
- vi. the directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

13. Annual Return

Pursuant to the provisions of Section 134(3)(a) of the Companies Act, 2013, Annual Return for the financial year ended 31st March, 2022 is prepared as per the provisions of Section 92(3) of the Act, and Rule 12 of Companies (Management and Administration) Rules, 2014. The Company is required to host a copy of annual return on the website, if any of the Company and a web link of the same to be given in the Directors' Report. Since, the company doesn't have any website hence the Company is not required to host the same.

14. Board of Directors & Key Managerial Personnel

A. Board of Directors:

The Board of Directors of the Company consisted of Seven (4) directors, of whom one (1) was non-executive independent, five (5) were non-executive and non-independent (including one woman director) and One (1) is executive, as per details given in the table below.

Sr. No.	Name of the Director	Category
1	Mr. Arvind M. Kulkarni	Chairman - Director & Chief Executive Officer
2	Mr. Vipul M. Mashruwala	Non Executive Director
3	Mr. R. Sankaran	Independent Director
4	Mrs. Meeta Khalsa	Non Executive Director

Mr. Arvind M Kulkarni retire by rotation and being eligible offer themselves for reappointment. The Board recommends their reappointment.

Sumitomo Corporation, Japan ('SCJ') had withdrawn the nominations of its nominee directors during the year review.

Mrs. Meeta Khalsa is appointed as Additional Director of the Company with effect from October 20, 2022. Your Board recommends her appointment as Director of the Company at the ensuing Annual General Meeting.

B. Key Managerial Personnel:

Mr. Arvind M. Kulkarni, Chief Executive Officer, is the Employee of the Company our Holding Company i.e. Mukand Limited and no remuneration is drawn by them separately from the Company.

Mr. Dhanesh K Goradia is appointed as Chief Financial Officer w.e.f. June 01, 2022 and Mr. Rajendra Sawant is appointed as Company Secretary w.e.f. May 17, 2022.

Non executive Directors of the Company does not draw any remuneration from the Company, except that Independent Directors are paid sitting fees as tabled below :-

Sr. No.	Nature of Meeting	Sitting Fee per meeting (Rs.)
1	Board Meeting	40,000/-
2	Any Other Committee	20,000/-
3	Meeting of Independent Directors	20,000/-

15. Declaration of Independence

The Independent Directors of the Company have submitted their Declaration of Independence, as required under the provisions of Section 149(7) of the Companies Act, 2013 stating that they meet the criteria of independence as provided in Section 149(6) of the said Act.

16. Board Meetings

The Board of Directors of the Company met 6 times during the year under review on May 16, 2022, August 09, 2022, August 23, 2022, September 30, 2022, October 20, 2022 and February 13, 2022. The particulars of attendance of the Board of Directors at the said meetings are provided in the table below.

Name of Director	Number of Board Meetings Director entitled to attend during the year	Number of Board Meetings attended during the year
Mr. Arvind M. Kulkarni	6	6
Mr. Vipul M. Mashruwala	6	4
Ms. Anna Abraham*	1	1
Mr. Kosuke Okamoto**	1	1
Mr. Masaki Sasamoto***	3	4
Mr. Kazushi Katayama***	2	4
Mr. R. Sankaran	6	6
Mrs. Meeta Khalsa****	1	1

*Resigned w.e.f. August 9, 2022 ; ** Resigned w.e.f. May 16, 2022 ; *** Resigned w.e.f. September 30, 2022 ;

****Appointed w.e.f. October 20, 2022

17. Corporate Social Responsibility (CSR)

Dissolution/Disbanding of Corporate Social Responsibility Committee:

Pursuant to the provisions of section 135(9) of the Companies Act, 2013(the Act), inserted vide Companies (Amendment) Act, 2020 effective from 22nd January, 2021, where the amount to be spent by a Company under sub-section (5) does not exceed fifty lakh rupees, the requirement under sub-section (1) for constitution of the Corporate Social Responsibility(CSR) Committee shall not be applicable and the functions of such Committee provided under aforesaid section shall, in such cases, be discharged by the Board of Directors of such Company.

The Company is not likely to spend more than Rs.50 lakh CSR expenditure in a financial year. Therefore, we have dissolve/disband the CSR Committee of the Board of Directors of the Committee in the Board meeting of 21st May, 2021.

Due to Losses incurred during the previous years, there was no requirement for CSR expenditure for FY2021-22.

18. Risk Management Policy

The process of identification and evaluation of various risks inherent in the business environment and the operations of the Company and initiation of appropriate measures for prevention and/or mitigation of the same are dealt with by the concerned operational heads under the overall supervision of the Board of Directors of the Company. Key business risks and their mitigation are considered in the annual/strategic business plans and in periodic management reviews, adequacy of which has periodically assessed by the Board of Directors.

19. Adequacy of Internal Financial Controls

Adequate systems for internal controls provide assurances on the efficiency of operations, security of assets, statutory compliance, appropriate authorization, reporting and recording transactions. The scope of the audit activity is broadly

guided by the annual audit plan approved by the top management and audit committee. The Internal Auditor prepares regular reports on the review of the systems and procedures and monitors the actions to be taken.

20. Performance Evaluation of the Board

Pursuant to the provisions of the Companies Act, 2013, a separate exercise was carried out to evaluate the performance of individual directors, including the Chairman of the Board who were evaluated on parameters such as level of engagement, contribution, openness to new ideas, risk management compliances, independence of judgement, and safeguarding the interests of the Company. The performance evaluation of the Independent directors was carried out by the entire Board. The performance evaluation of the Chairman and Non-Independent Directors was carried out by the Independent Director. The directors have expressed satisfaction with the evaluation process.

21. A. Conservation of Energy, Technology Absorption and Foreign Exchange Earnings & Outgo

Information relating to energy conservation and technology absorption and Foreign exchange, as required to be disclosed under Section 134(3)(m) of the Companies Act, 2013 read with the Rule 8 (3) of the Companies (Accounts) Rules, 2014 for the financial year ended 31st March, 2023 is as under:

a) Energy Consumption:

The major manufacturing of the company is vendored out to Mukand Ltd. Hence, there is nothing to report in this clause.

b) Technology Absorption:

Nil.

c) Foreign Exchange:

Foreign Exchange earnings for the year were Rs. 17459.59 lacs (Rs. 16136.68 lacs for FY 21-22); and the Foreign exchange outgo was Rs.190.190 lacs (Rs.273.35 lacs for FY 21-22).

B. Particulars of Employees

There were no employees employed throughout or part of the year whose remuneration was within the purview of the limits/criteria prescribed under the provisions of Section 197 of the Companies Act, 2013 read with Rule 5(2) and rule 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

22. Presentation of Financial Results

The financial results of the Company for the financial year ended 31st March, 2023 have been disclosed as per Schedule III to the Companies Act, 2013.

The Company adopted Indian Accounting Standards (Ind-AS) from April 1, 2017.

23. Auditors

A. Cost Auditors:

Pursuant to the provisions of Section 148 of the Companies Act, 2013 read with the Companies (Cost Records and Audit) Rules, 2014 as amended from time to time, your Company has been carrying out audit of cost records relating to processes of Special, Alloy Steel and Stainless Steel Bars.

The Board of Directors at their meeting held on 16th May, 2022 appointed CMA Y R Doshi & Co., as Cost auditors in the place of retiring Cost Auditors, CMA Sangita Kulkarni as the Cost Auditors of the Company for the financial year 2022-23 on a remuneration of Rs. 45,000/- and reimbursement of travelling and other out of pocket expenses plus taxes as applicable.

Further, as per the provisions of Rule 14 of the Companies (Audit and Auditors) Rules, 2014, the remuneration to the Cost Auditor, approved by the Board is required to be ratified by the shareholders. In this regard, the necessary resolution for ratification of remuneration to the Cost Auditor is included in the Notice of 11th AGM for seeking approval of the members.

B. Secretarial Auditor:

As per the provisions of Section 204 of the Companies Act, 2013 and the rules made there under, the Board of Directors at their meeting held on 09th November, 2021 had appointed, **M/s. Anant B. Khamankar & Co., Practicing Company Secretaries, (Membership No: FCS 3198)**, to conduct the Secretarial Audit of the Company for the **Financial Year 2022-23**. The Secretarial Audit Report for the year under review does not contain any qualification, reservation or adverse remark or disclaimer made by the Secretarial Auditor.

The Secretarial Audit Report in **Form MR-3** is annexed to this report as **Annexure B**.

C. Statutory Auditors:

Pursuant to the provisions of Section 139 of the Companies Act, 2013 and the rules made there under, the current auditors of the Company, **M/s.DHC & Co. LLP, Chartered Accountants (Firm Registration No. 103525W)** were appointed by the shareholders at the 10th Annual General Meeting held on August 09, 2022 to hold office until the conclusion of the 15th AGM.

MUKAND SUMI METAL PROCESSING LIMITED
(CIN: U27300MH2012PLC234000)

The Statutory Auditors in their Report does not contain any qualification, reservation or adverse remark or disclaimer made by the Statutory Auditor.

For and on behalf of the Board of Directors

Date: 15th May, 2023
Place: Mumbai

Sd/-
Arvind M. Kulkarni
Director & CEO
DIN: 01656086

Sd/-
Vipul M Mashruwala
Director
DIN: 0337914

INDEPENDENT AUDITOR'S REPORT

To the Members of Mukand Sumi Metal Processing Limited

Report on the Audit of the Ind AS Financial Statements

Opinion

We have audited the accompanying Ind AS financial statements of Mukand Sumi Metal Processing Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2023, 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 Ind AS financial statements including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "Ind AS financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS 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 including the Indian Accounting Standards ("Ind AS") prescribed under section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, of the state of affairs of the Company as at March 31, 2023, its loss (including other comprehensive income), its changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with 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 Ind AS 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 ("ICAI") together with the ethical requirements that are relevant to our audit of the Ind AS financial statements under the provisions of the Act and 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 on the Ind AS financial statements.

Other Information

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

Our opinion on the Ind AS 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 Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Ind AS 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.

Responsibilities of Management and Those Charged with Governance for the Ind AS Financial Statements

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 Ind AS financial statements that give a true and fair view of



the financial position, financial performance (including other comprehensive income), changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including Ind AS prescribed under section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. 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 Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Ind AS 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 Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the Ind AS 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 this Ind AS financial statements.

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

- Identify and assess the risks of material misstatement of the Ind AS 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 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 Ind AS 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.



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

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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Other Matter

The audit of Ind AS financial statements for the year ended March 31, 2022, was carried out and reported by Haribhakti & Co. LLP, vide their unmodified audit report dated May 16, 2022, whose report has been furnished to us by the management and which has been relied upon by us for the purpose of our audit of the Ind AS financial statements.

Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

- (1) As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government of India in terms of section 143(11) of the Act, we report in "Annexure 1", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
- (2) 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 Ind AS financial statements comply with the Ind AS prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended;
 - e. On the basis of the written representations received from the directors as on March 31, 2023, and 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 2";
 - g. With respect to the other matter to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

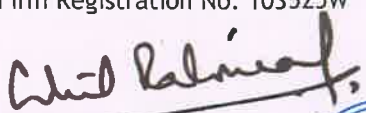
In our opinion and to the best of our information and according to the explanations given to us, no remuneration is paid by the Company to its directors during the year and hence the provisions of section 197 of the Act related to managerial remuneration are not applicable;



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- h. 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 has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements - Refer Note 34 on Contingent Liabilities;
 - (ii) The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts;
 - (iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company;
 - (iv)
 - a. The Management has represented that, to the best of its knowledge and belief, 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;
 - b. The management has represented that, to the best of its knowledge and belief, 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;
 - c. Based on the audit procedures that are 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 (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.
 - (v) The Company has not declared nor paid any dividend during the year. Hence, reporting the compliance with section 123 of the Act is not applicable.
 - (vi) As proviso to rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable for the company only w.e.f. April 01, 2023, reporting under this clause is not applicable.

For DHC & Co.
Chartered Accountants
ICAI Firm Registration No. 103525W


Atul Paliwal
Partner
Membership No. 401969
UDIN: 23401969BG4YJDR5782



Place: Jaipur
Date: May 15, 2023

ANNEXURE 1 TO THE INDEPENDENT AUDITOR'S REPORT

[Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section in the Independent Auditor's Report of even date to the members of **Mukand Sumi Metal Processing Limited** ('the Company') on the Ind AS financial statements for the year ended March 31, 2023]

Based on the audit procedures performed for the purpose of reporting a true and fair view on the Ind AS financial statements of the Company and taking into consideration the information, explanations and written representation given to us by the management and the books of account and other records examined by us in the normal course of audit, we report that:

- (i)
- (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.
 - (B) The Company has maintained proper records showing full particulars of Intangible Assets.
- (b) During the year, the Property, Plant and Equipment of the Company have been physically verified by the management and no material discrepancies were noticed on such verification. In our opinion, the frequency of verification is reasonable having regard to the size of the Company and the nature of its assets.
- (c) The title deeds of all the immovable properties (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of lessee), disclosed in the Ind AS financial statements are held in the name of the Company.
- (d) The Company has not revalued its Property, Plant and Equipment (including Right of Use assets) and/or Intangible Assets during the year. Accordingly, reporting under clause (i)(d) of paragraph 3 of the Order is not applicable.
- (e) No proceedings have been initiated or are pending against the Company as at March 31, 2023 for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.
- (ii)
- (a) The inventory (excluding material in transit) has been physically verified by the management during the year. In our opinion, the coverage and procedure of such verification by the management is appropriate. No discrepancies of 10% or more in aggregate for each class of inventory were noticed on physical verification carried out during the year.
 - (b) The Company has been sanctioned working capital limits in excess of five crores rupees, in aggregate from bank, on the basis of security of current assets. The monthly returns / statements filed by the Company with such bank are in agreement with the books of account of the Company, except for the following discrepancies:



(Rs. in Lakhs)

Name of the Bank	For the month of	Amount disclosed as per Monthly return/ statement	Amount disclosed as per books of account	Material Variance	Reason for material variance
Kotak Mahindra Bank	Jun'22	18,344.71	18,494.12	(149.42)	—
	Sep'22	8,880.15	9,969.61	(1,089.46)	The stock statement submitted contained the details of alloy steel business of MSMPL which was demerged into MSSSL as per Scheme of Arrangement. (Refer Note 39(1) to the financial statements).
	Dec'22	6,540.88	6,430.32	110.56	—
	Mar'23	6,153.63	6,836.66	(683.03)	The variation is on account of considering the provisions after submission of stock statements with bank.

- (iii) During the year, the Company has not provided any loan or advances in the nature of loans, or stood guarantee, or provided security to any entity. Accordingly, reporting under clause (iii) of paragraph 3 of the Order is not applicable.
- (iv) The provisions of sections 185 and 186 of the Act are not applicable to the Company as the Company has not granted any loan or made any investment or provided any guarantee or security during the year. Accordingly, reporting under clause (iv) of paragraph 3 of the Order is not applicable.
- (v) In our opinion, the Company has not accepted any deposits or amounts which are deemed to be deposits. Accordingly, reporting under clause (v) of paragraph 3 of the Order is not applicable.
- (vi) The maintenance of cost records has been specified by the Central Government under sub-section (1) of section 148 of the Act and rules thereunder. We have broadly reviewed such records and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (vii)
- (a) The Company does not have liability in respect of Service tax, Duty of excise, Sales tax and Value added tax during the year since effective July 01, 2017, these statutory dues have been subsumed into Goods and Services Tax.

The Company is generally regular in depositing with appropriate authorities, undisputed statutory dues including Goods and Services Tax (GST), provident fund, employees' state insurance, income tax, customs duty, cess and any other material statutory dues applicable to it, though there has been a slight delay in a few cases.

No undisputed amounts payable in respect of provident fund, employees' state insurance, income tax, GST, customs duty, cess and any other material statutory dues applicable to it, were outstanding, at the year end, for a period of more than six months from the date they became payable.



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- (b) There are no dues with respect to income tax, sales tax, service tax, value added tax, GST, customs duty, excise duty and cess which have not been deposited on account of any dispute except as follow:-

Nature of the Statue	Nature of dues	Amount Rs.	Period to which the amount relates	Forum where dispute is pending
Goods and Service Tax	Service Tax	Rs. 18.46 lakhs	April 2015 to June 2017	Commissioner of GST

- (viii) We have not come across any transaction which were previously not recorded in the books of account of the Company that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961.

(ix)

- (a) The Company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender.
- (b) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.
- (c) The Company did not obtain any money by way of term loans during the year. Accordingly, reporting under clause (ix)(c) of paragraph 3 of the Order is not applicable.
- (d) On an overall examination of the Ind AS financial statements of the Company, no funds raised on short-term basis have been used for long-term purposes by the Company.
- (e) The Company does not have any subsidiaries, associates or joint ventures as defined under the Act and hence reporting under clause (ix)(e) of paragraph 3 of the Order is not applicable.
- (f) The Company does not have any subsidiaries, associates or joint ventures as defined under the Act and hence reporting under clause (ix)(f) of paragraph 3 of the Order is not applicable.

(x)

- (a) The Company has not raised money by way of initial public offer / further public offer (including debt instruments) during the year. Therefore, reporting under clause (x)(a) of paragraph 3 of the Order is not applicable.
- (b) The Company has not made any preferential allotment or private placement of shares or convertible debentures (fully, partially or optionally convertible) during the year. Therefore, reporting under clause (x)(b) of paragraph 3 of the Order is not applicable.

(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 fraud by the Company nor any fraud on the Company has been noticed or reported during the year, nor have we been informed of any such instance by the management.



DHC & Co.
Chartered Accountants

- (b) No report under section 143(12) of the Act has been filed with the Central Government by the auditors of the Company in Form ADT-4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014, during the year or upto the date of this report.
- (c) There are no whistle blower complaints received by the Company during the year and upto the date of this report.
- (xii) In our opinion, the Company is not a Nidhi Company. Therefore, reporting under clause (xii) of paragraph 3 of the Order is not applicable.
- (xiii) All transactions entered into by the Company with the related parties are in compliance with sections 177 and 188 of Act, where applicable, and the details have been disclosed in the Ind AS financial statements as required by the applicable accounting standards.
- (xiv)
 - (a) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
 - (b) We have considered the Internal Audit Reports of the Company issued till date, for the period under audit.
- (xv) The Company has not entered into any non-cash transactions with its directors or persons connected with them during the year and hence, provisions of section 192 of the Act are 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. Therefore, reporting under clause (xvi)(a) and (b) of paragraph 3 of the Order are not applicable.
 - (b) The Company is not a Core Investment Company (CIC) as defined in Core Investment Companies (Reserve Bank) Directions, 2016 ('Directions') by the Reserve Bank of India. Accordingly, reporting under clause (xvi)(c) and (d) of paragraph 3 of the Order are not applicable.
 - (c) As informed by the Company, the Group to which the Company belongs has Seventeen (17) CIC as part of the Group (including the CICs exempt from registration and CICs not registered).
- (xvii) The Company has incurred cash losses in the current year amounting to Rs. 1,532.08 lakhs. However, the Company has not incurred any cash losses in immediately preceding financial year.
- (xviii) There has been no resignation of the statutory auditors during the year and accordingly, reporting under clause (xviii) of paragraph 3 of the Order is not applicable.
- (xix) On the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the Ind AS financial statements and 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 cause us to believe that any material uncertainty exists as on the date of this audit report and 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. 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 date of the

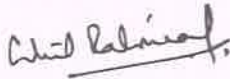


DHC & Co.
Chartered Accountants

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.

- (xx) The provisions of section 135 of the Act are not applicable to the Company. Hence, reporting under clause (xx) of paragraph 3 of the Order is not applicable.
- (xxi) The Company does not have any subsidiary. Therefore, reporting under clause (xxi) of paragraph 3 of the Order is not applicable.

For **DHC & Co.**
Chartered Accountants
ICAI Firm Registration No. 103525W



Atul Paliwal
Partner
Membership No. 401969
UDIN: **23401969 BG Y JDR 9792**



Place: Jaipur
Date: May 15, 2023

DHC & Co.
Chartered Accountants

ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT

[Referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' section in our Independent Auditor's Report of even date to the members of **Mukand Sumi Metal Processing Limited** on the Ind AS financial statements for the year ended March 31, 2023]

Report on the Internal Financial Controls with reference to Financial Statements under clause (i) of sub-section 3 of section 143 of the Companies Act, 2013 ('the Act')

We have audited the internal financial controls with reference to financial statements of Mukand Sumi Metal Processing Limited ('the Company') as of March 31, 2023 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control with reference to financial statements 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.

Auditors' Responsibility

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 specified under section 143(10) of the Act to the extent applicable to an audit of internal financial controls, 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.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls 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 controls 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.

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 with reference to financial statements.



DHC & Co., Chartered Accountants FRN No. 103525W, (registered on 01st January, 1981)

Registered offices: 42, Free Press House, 215, Nariman Point, Mumbai-400021, India. Tel: +91 22 6132 6999 Fax: +91 22 2285 6237

DHC & Co.
Chartered Accountants

Meaning of Internal Financial Controls with reference to Financial Statements

A company's internal financial control 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 control 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 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

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

In our opinion, the Company has, in all material respects, adequate internal financial controls 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 with reference to financial statements criteria established by the Company considering the essential components of internal controls stated in the Guidance Note issued by the ICAI.

For DHC & Co.
Chartered Accountants
ICAI Firm Registration No. 103525W

Atul Paliwal

Atul Paliwal
Partner
Membership No. 401969
UDIN: 23401969BGYJD08792



Place: Jaipur
Date: May 15, 2023

Mukand Sumi Metal Processing Limited
Balance sheet as at March 31, 2023

(Rs. in Lakhs)

Particulars	Note No.	As at March 31, 2023	As at March 31, 2022 (Restated)*
I Assets			
1 Non-current assets			
(a) Property, Plant and Equipment	2	1,107.83	1,189.67
(b) Capital work-in-progress	2	1.48	-
(c) Goodwill	3	277.55	277.55
(d) Other Intangible assets	3	-	113.51
(e) Financial Assets			
i) Others	4	10.44	9.83
(f) Non-Current Tax Assets (net)	5	251.52	208.39
(g) Deferred tax assets (net)	6	373.38	295.73
(h) Other non-current assets	7	44.29	0.41
		2,566.59	2,095.10
2 Current Assets			
(a) Inventories	3	11,176.98	8,608.89
(b) Financial Assets			
i) Trade receivables	9	2,852.49	4,381.48
ii) Cash and cash equivalents	10	283.50	584.38
iii) Others	11	-	4.12
(c) Other current assets	12	1,825.09	659.03
		16,138.06	14,237.90
Total Assets		18,704.65	16,333.00
II Equity and Liabilities			
1 Equity			
(a) Share capital	13	2,730.00	2,730.00
(b) Other equity	14	5,368.16	6,663.10
		8,098.16	9,393.10
Liabilities			
1 Non-Current Liabilities			
(a) Provisions	15	5.63	12.66
		5.63	12.66
2 Current liabilities			
(a) Financial liabilities			
i) Borrowings	16	-	500.00
ii) Trade payables	17	-	-
Total outstanding dues of Micro and Small Enterprises		5.87	2.93
Total outstanding dues of Creditors other than Micro and Small Enterprises		7,869.97	4,645.42
iii) Other financial liabilities	18	2,475.20	1,571.09
(b) Other current liabilities	19	249.54	205.35
(c) Provisions	15	0.27	0.44
		10,600.86	6,927.23
Total Equity and Liabilities		18,704.65	16,333.00

Statement of Significant Accounting Policies adopted by the Company and Notes forming part of the Financial Statements 1 to 39

* Refer Note 39(1) for restatement on account of de-merger

As per our attached report of even date

For DHC & Co.
Chartered Accountants
Firm Registration No. 103525W

Atul Paliwal

Atul Paliwal
Partner
Membership No. 401969



For and on behalf of Board of Directors of
Mukand Sumi Metal Processing Limited

Mashruwala

Vipul M. Mashruwala
Director
DIN: 00337914

Dhanesh Goradia
Dhanesh Goradia
Chief Financial Officer

Arvind M. Kulkarni

Arvind M. Kulkarni
Director & CEO
DIN: 01656086

Rajendra Sawant
Rajendra Sawant
Company Secretary



Place: Jaipur
Date : May 15, 2023

Place: Mumbai
Date : May 15, 2023

Place: Mumbai
Date : May 15, 2023

Mukand Sumi Metal Processing Limited
Statement of Profit and Loss for the year ended March 31, 2023

(Rs. in Lakhs)

Particulars	Note No.	For the year ended March 31, 2023	For the year ended March 31, 2022 (Restated)*
I. Revenue from operations	20	60,337.33	49,185.19
II. Other income	21	7.93	178.45
III. Total Income (I + II)		60,345.26	49,363.64
IV. Expenses:			
Cost of materials consumed	22	56,959.12	46,556.30
Purchases of Stock-in-Trade		-	-
Changes in inventories of Finished Goods, Stock-in-Trade and Work-in-Progress	23	68.43	(1,570.37)
Employee benefits expense	24	33.16	44.48
Finance costs	25	255.62	100.32
Depreciation and amortization expense	26	348.48	487.82
Other Expenses	27	4,561.01	3,089.17
Total expenses		62,225.83	48,707.71
V. Profit before tax (III - IV)		(1,880.56)	655.93
VI. Tax expense / (income):	28		
Current tax		-	-
Deferred tax		(579.66)	190.06
MAT Credit Entitlement Reversed		-	846.56
Tax Expenses of Earlier Year		-	1.89
VII. Profit after tax (V - VI)		(1,300.91)	(382.58)
VIII. Other Comprehensive Income / (Expenses) (net of tax)			
Items that will not be reclassified to profit or loss			
(a) Re-measurement gain / (loss) of defined benefit plan		7.98	3.68
(b) Deferred tax effect on above		(2.01)	(0.94)
IX. Total comprehensive income for the year (VII+VIII)		(1,294.94)	(379.85)
X. Earnings per equity share (Face Value of Rs.10):			
(i) Basic (in Rs.)	29	(4.77)	(1.40)
(ii) Diluted (in Rs.)	29	(4.77)	(1.40)

Statement of Significant Accounting Policies adopted by the Company and Notes forming part of the Financial Statements 1 to 39

* Refer Note 39(1) for restatement on account of de-merger

As per our attached report of even date

For DHC & Co.
Chartered Accountants
Firm Registration No. 103525W

Atul Paliwal
Partner
Membership No. 401969



For and on behalf of Board of Directors of
Mukand Sumi Metal Processing Limited

Vipul M. Mashruwala
Director
DIN: 00337914

Arvind M. Kulkarni
Director & CEO
DIN: 01656086

Dhanesh Goradia
Chief Financial Officer

Rajendra Sawant
Company Secretary



Place: Jaipur
Date : May 15, 2023

Place: Mumbai
Date : May 15, 2023

Place: Mumbai
Date : May 15, 2023

Mukand Sumi Metal Processing Limited
Statement of Cash Flows for the year ended March 31, 2023

(Rs. in Lakhs)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022 (Restated) *
Profit before income tax	(1,880.56)	555.93
Adjustments for:		
Depreciation and amortisation expense	348.48	487.82
Finance Cost	255.52	100.32
Interest income	(7.93)	(10.99)
Other Non-cash Expenditure / (Income) - (net)	3.99	(7.63)
Derivatives measured at FVTPL	28.53	(3.91)
Actuarial (Loss) / Gain on defined benefit obligation	7.98	3.58
Operating profit before working capital changes	(1,243.90)	1,225.30
(Increase) / Decrease in trade receivables	1,525.01	(1,331.01)
(Increase) / Decrease in inventories	(2,563.39)	(1,345.39)
(Increase) / Decrease in other financial assets	3.51	45.95
(Increase) / Decrease in other current assets	(1,156.06)	544.76
Increase / (Decrease) in trade payables	3,227.49	574.92
Increase / (Decrease) in other financial liabilities	873.58	(3,096.44)
Increase / (Decrease) in other current liabilities	44.19	130.38
Increase / (Decrease) in provisions	(7.20)	12.87
Cash generated from operations	688.53	(3,639.67)
Income taxes (paid) / refund - net	(35.48)	(71.71)
Net cash inflow / (outflow) from operating activities	653.05	(3,711.37)
Cash flows from investing activities		
Purchase of property, plant and equipment (including CWP)	(154.61)	(167.49)
Movement in Capital Advance	(43.87)	9.25
Interest income on fixed deposit	0.18	0.20
Net cash inflow / (outflow) from investing activities	(198.31)	(158.04)
Cash flows from financing activities		
Proceeds / (repayment) of borrowings (net)	(500.00)	500.00
Interest paid	(255.62)	(100.82)
Net cash inflow / (outflow) from financing activities	(755.62)	399.18
Net increase / (decrease) in cash and cash equivalents	(300.87)	(3,470.23)
Cash and cash equivalents at the beginning of the financial year	584.38	4,054.61
Cash and cash equivalents at end of the year (Refer Note 10)	283.50	584.38

Note:

- All figures in bracket are outflow.
- The above cash flow statement has been prepared under the Indirect Method as set out in Ind AS 7 - Statement of Cash Flows.

* Refer Note 39(1) for restatement on account of de-merger

Statement of Significant Accounting Policies adopted by the Company and
Notes forming part of the Financial Statements

1 to 39

As per our attached report of even date

For DHC & Co.
Chartered Accountants
Firm Registration No. 103525W

For and on behalf of Board of Directors of
Mukand Sumi Metal Processing Limited

Atul Paliwal
Partner
Membership No. 401969



Vipul M. Mashruwala
Director
DIN: 00331914

Dhanesh Goradia
Chief Financial Officer

Arvind M. Kulkarni
Director & CEO
DIN: 01656086

Rajendra Sawant
Company Secretary



Place: Jaipur
Date : May 15, 2023

Place: Mumbai
Date : May 15, 2023

Place: Mumbai
Date : May 15, 2023

Mukand Sumi Metal Processing Limited
Statement of Changes in Equity for the year ended March 31, 2023

A. Equity Share Capital

As at March 31, 2023

(Rs. in Lakhs)

Balance at the beginning of the current reporting period	Changes in Equity Share Capital due to prior period errors	Restated balance at the beginning of the current reporting period	Changes in equity share capital during the current year	Balance at the end of the current reporting period
2,730.00	-	2,730.00	-	2,730.00

As at March 31, 2022 (Restated)*

(Rs. in Lakhs)

Balance at the beginning of the previous reporting period	Changes in Equity Share Capital due to prior period errors	Restated balance at the beginning of the previous reporting period	Changes in equity share capital during the previous year	Balance at the end of the previous reporting period
2,730.00	-	2,730.00	-	2,730.00

B. Other Equity

(Rs. in Lakhs)

Particulars	Reserves and Surplus		Remeasurement of Defined Benefit Obligation	Total
	Securities Premium Reserve	Retained Earnings		
Balance as at March 31, 2021 (Restated)*	8,469.07	(1,432.36)	6.23	7,042.94
Profit / (Loss) for the year	-	(382.58)	-	(382.58)
Other Comprehensive Income for the year	-	-	2.74	2.74
Balance as at March 31, 2022 (Restated)*	8,469.07	(1,814.94)	8.97	6,663.10
Profit / (Loss) for the year	-	(1,300.91)	-	(1,300.91)
Other Comprehensive Income for the year	-	-	5.97	5.97
Balance as at March 31, 2023	8,469.07	(3,115.85)	14.94	5,368.16

There are no changes in other equity due to prior period errors.

* Refer Note 39(1) for restatement on account of de-merger

As per our attached report of even date

For DHC & Co.
Chartered Accountants
Firm Registration No. 103525W

For and on behalf of Board of Directors of
Mukand Sumi Metal Processing Limited

Atul Paliwal
Partner
Membership No. 401969



Vipul M. Mashruwala
Director
DIN: 06337914

Dhanesh Goradia
Chief Financial Officer

Place: Mumbai
Date : May 15, 2023

Arvind M. Kulkarni
Director & CEO
DIN: 01656086

Rajendra Sawant
Company Secretary

Place: Mumbai
Date : May 15, 2023



Note 2: Property, Plant and Equipment and Capital work-in-progress

A. Property, Plant and Equipment

(Rs. in Lakhs)

Particulars	Factory Building	Plant and Machinery	Office Equipment	Total
Gross Carrying Value				
Cost as at April 01, 2021	125.72	2,838.52	49.59	3,013.83
Additions	-	167.45	0.04	167.49
Disposals	-	-	0.57	0.57
Gross Carrying Value as at March 31, 2022	125.72	3,005.97	49.06	3,180.75
Accumulated Depreciation				
Accumulated depreciation as at April 01, 2021	79.62	1,604.44	46.20	1,730.27
Depreciation charge during the year	19.91	240.62	0.28	260.81
Disposals	-	-	-	-
Accumulated depreciation as at March 31, 2022	99.53	1,845.06	46.49	1,991.08
Net carrying value as at March 31, 2022	26.19	1,160.91	2.57	1,189.67

(Rs. in Lakhs)

Particulars	Factory Building	Plant and Machinery	Office Equipment	Total
Gross Carrying Value				
Cost as at April 01, 2022	125.72	3,005.97	49.06	3,180.75
Additions	-	153.14	-	153.14
Disposals	-	-	-	-
Gross carrying value as at March 31, 2023	125.72	3,159.11	49.06	3,333.89
Accumulated Depreciation				
Accumulated depreciation as at April 01, 2022	99.53	1,845.06	46.49	1,991.08
Depreciation charge during the year	19.90	214.09	0.98	234.98
Disposals	-	-	-	-
Accumulated depreciation as at March 31, 2023	119.43	2,059.16	47.47	2,226.06
Net carrying value as at March 31, 2023	6.29	1,099.96	1.59	1,107.83

(Rs. in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Balance as at beginning of the year	-	-
Additions during the year	1.48	-
Deletion / Adjustments during the year	-	-
Balance as at end of the year	1.48	-

(Rs. in Lakhs)

Particulars	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	Total
Projects in Progress	1.48	-	-	-	1.48
Projects temporarily suspended	-	-	-	-	-

Note 2(a): Property, Plant and Equipment are free from any encumbrances.
 Note 2(b): Refer Note 34 for disclosure of contractual commitments for the acquisition of PPE.
 Note 2(c): The Company do not have any Benami property and there are no proceedings initiated or are pending against the Company for holding any Benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.
 Note 2(d): There are no immovable properties which are not held in the name of the Company.
 Note 2(e): The Company has not revalued its Property, Plant and Equipment during the year ended March 31, 2023.
 Note 2(f): There are no amounts in Capital work-in-progress whose completion is overdue or which has exceeded its cost compared to its original plan.



Mukand Sumi Metal Processing Limited
Notes forming part of the Financial Statements

Note 3: Goodwill and Other Intangible assets

As at March 31, 2022

(Rs. in Lakhs)

Particulars	Customer Relationship	Goodwill
Gross Carrying Value		
Cost as at April 01, 2021	2,270.09	277.55
Additions	-	-
Deletions	-	-
Gross Carrying Value as at March 31, 2022	2,270.09	277.55
Accumulated Amortisation		
Accumulated amortisation as at April 01, 2021	1,929.57	-
Amortisation charge during the year	227.01	-
Deletions	-	-
Accumulated amortisation as at March 31, 2022	2,156.58	-
Net carrying value as at March 31, 2022	113.51	277.55

As at March 31, 2023

(Rs. in Lakhs)

Particulars	Customer Relationship	Goodwill
Gross Carrying Value		
Gross Carrying amount as at April 01, 2022	2,270.09	277.55
Additions	-	-
Deletions	-	-
Gross Carrying Value as at March 31, 2023	2,270.09	277.55
Accumulated Amortisation		
Accumulated amortisation as at April 01, 2022	2,156.58	-
Amortisation charge during the year	113.51	-
Deletions	-	-
Accumulated amortisation as at March 31, 2023	2,270.09	-
Net carrying value as at March 31, 2023	-	277.55

Note (a): Impairment of goodwill

Goodwill is tested for impairment on annual basis and whenever there is an indication that the recoverable amount is less than its carrying amount based on a number of factors including business plan, operating results, future cash flows and economic conditions. The recoverable amount is determined based on higher of value in use and fair value less cost to sell.

Note (b): The Company has not revalued its intangible assets during the year ended March 31, 2023.



Mukand Sumi Metal Processing Limited
Notes forming part of the Financial Statements

Note 4: Other Non-Current financial assets (Unsecured, considered good unless otherwise stated)

(Rs. in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Security Deposits	0.61	-
Duty paid under Protest	9.83	9.83
Total	10.44	9.83

Note 5: Non-Current Tax Assets (net)

(Rs. in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Advance tax (net of provision)	251.62	208.39
Total	251.62	208.39



Mukand Sumi Metal Processing Limited
Notes forming part of the Financial Statements

Note 6: Deferred tax assets / (liabilities) (net)

(Rs. in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Deferred tax asset on account of:		
Unabsorbed Depreciation / Business Loss, etc.	848.49	357.56
Property, Plant and Equipment and Intangible assets	13.77	-
Others	13.13	3.41
Total	875.39	360.97
Deferred tax liability on account of:		
Property, Plant and Equipment and Intangible assets	-	64.29
Other Comprehensive Income	2.01	0.94
Total	2.01	65.23
Net Deferred tax asset / (liabilities)	873.38	295.73

Note (a): Movements in deferred tax assets / (liabilities)

(Rs. in Lakhs)

Particulars	Unabsorbed Depreciation/ Business Loss etc.	Difference between book depreciation and tax depreciation	Others	Total
At March 31, 2021	1,575.64	(238.22)	(4.12)	1,333.29
Charged / (Credited)				
- to profit or loss	1,218.08	(173.93)	(7.53)	1,036.62
- to other comprehensive income	-	-	0.94	0.94
At March 31, 2022	357.56	(64.29)	2.46	295.73
Charged / (Credited)				
- to profit or loss	(490.93)	(78.06)	(10.66)	(579.66)
- to other comprehensive income	-	-	2.01	2.01
At March 31, 2023	848.49	13.77	11.12	873.38

Note: In terms of Ind AS 12 on "Income Taxes", the Company has recognised Deferred Tax Assets arising from unabsorbed depreciation and brought forward business losses, based on the steps taken by the Company to achieve its projected profitability. It is probable that the Company will have future taxable profits against which the unabsorbed depreciation and brought forward business losses can be utilised.



Note 7: Other non-current assets (Unsecured, considered good unless otherwise stated)

Particulars	(Rs. in Lakhs)	
	As at March 31, 2023	As at March 31, 2022
Capital Advances	44.29	0.41
Total	44.29	0.41

Note 8: Inventories

Particulars	(Rs. in Lakhs)	
	As at March 31, 2023	As at March 31, 2022
Raw Materials	3,903.93	5,257.41
Finished Goods		
Includes material in transit Rs. 379.45 Lakhs, Previous Year Rs. 324.70 Lakhs	2,273.05	2,341.48
Total	11,175.98	8,598.89

Note 9: Trade Receivables

Particulars	(Rs. in Lakhs)	
	As at March 31, 2023	As at March 31, 2022
Trade Receivable Considered Good - Secured		
Trade Receivable Considered Good - Unsecured	2,352.49	4,381.48
Trade Receivables which have significant increase in Credit Risk		
Trade Receivables - credit impaired		
Total	2,852.49	4,381.48

Note (a): No trade or other receivable are due from directors or other officers of the Company either severally or jointly with any other person. Further no trade or other receivable are due from firms or private companies respectively in which any director is a partner, or director or member.

Note (b): For receivables due from related parties, refer Note 33.

Note (c): Ageing of Trade Receivables is as given below:

As at March 31, 2023

Particulars	Not due	Outstanding for following periods from due date of Payment					Total
		Less than 6 months	6 months - 1 year	1 - 2 years	2 - 3 years	More than 3 years	
(i) Undisputed Trade receivables - considered good unsecured	1,506.64	1,345.85	-	-	-	-	2,852.49
(ii) Undisputed Trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
(iii) Undisputed Trade receivables - credit impaired	-	-	-	-	-	-	-
(iv) Disputed Trade receivables - considered good	-	-	-	-	-	-	-
(v) Disputed Trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
(vi) Disputed Trade receivables - credit impaired	-	-	-	-	-	-	-
Total	1,506.64	1,345.85	-	-	-	-	2,852.49

As at March 31, 2022

Particulars	Not due	Outstanding for following periods from due date of Payment					Total
		Less than 6 months	6 months - 1 year	1 - 2 years	2 - 3 years	More than 3 years	
(i) Undisputed Trade receivables - considered good unsecured	3,026.70	1,354.78	-	-	-	-	4,381.48
(ii) Undisputed Trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
(iii) Undisputed Trade receivables - credit impaired	-	-	-	-	-	-	-
(iv) Disputed Trade receivables - considered good	-	-	-	-	-	-	-
(v) Disputed Trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
(vi) Disputed Trade receivables - credit impaired	-	-	-	-	-	-	-
Total	3,026.70	1,354.78	-	-	-	-	4,381.48

Note 10: Cash and cash equivalents and other bank balances

Particulars	(Rs. in Lakhs)	
	As at March 31, 2023	As at March 31, 2022
Cash and cash equivalents:		
Balances with banks in current accounts	25.14	24.95
Balances in cash credit accounts *	252.97	554.43
Fixed Deposit #	5.39	5.00
Cash on hand	-	-
Total	283.50	584.38

* The balances represent debit balance in Cash credit facility. Refer Note 16 for security provided.

The Fixed deposit has been kept as margin money against zero balance current account with ICICI Bank.

There are no repatriation, restriction with regard to Cash and cash equivalents as at the end of the reporting period and prior periods.

Note 11: Other Current financial assets (Unsecured, considered good unless otherwise stated)

Particulars	(Rs. in Lakhs)	
	As at March 31, 2023	As at March 31, 2022
Forward Contract	-	3.91
Interest Receivable	-	0.20
Total	-	4.12

Note 12: Other current assets (Unsecured, considered good unless otherwise stated)

Particulars	(Rs. in Lakhs)	
	As at March 31, 2023	As at March 31, 2022
Balances with Government Authorities	1,443.64	-
Export Incentive Receivable	342.56	603.12
Advances to Suppliers	22.39	-
Advances for Scheme Expenses (Refer Note 39(1))	-	16.11
Prepaid Expenses	16.51	39.80
Total	1,825.09	659.03



Note 13: Equity Share Capital

(a) Share capital:

(Rs. in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Authorised Share Capital 3,00,00,000 equity shares of Rs. 10 each	3,000.00	3,000.00
Issued, Subscribed and Fully Paid-up capital: 2,73,00,000 equity shares of Rs. 10 each fully paid up	2,730.00	2,730.00
Total	2,730.00	2,730.00

(b) Reconciliation of number of shares outstanding at the beginning and end of the year:

Particulars	As at March 31, 2023		As at March 31, 2022	
	No. of shares (in Lakhs)	Amount (in Lakhs)	No. of shares (in Lakhs)	Amount (in Lakhs)
Balance as at the beginning of the year	273.00	2,730.00	273.00	2,730.00
Movement during the year	-	-	-	-
Balance as at the end of the year	273.00	2,730.00	273.00	2,730.00

(c) Details of shareholders holding more than 5% shares in the Company:

Particulars	As at March 31, 2023		As at March 31, 2022	
	No. of shares (in Lakhs)	% of holding	No. of shares (in Lakhs)	% of holding
Mukand Limited (along with its Nominees) (Refer Note (k) below)	273.00	100.00%	139.23	51.00%
Sumitomo Corporation, Japan	-	0.00%	133.77	49.00%
Total	273.00	100.00%	273.00	100.00%

(d) Number of shares of joint arrangement held by its venturers:

Name of the company	As at March 31, 2023 (in Lakhs)	As at March 31, 2022 (in Lakhs)
Mukand Limited (along with its Nominees)	273.00	139.23
Sumitomo Corporation, Japan	-	133.77

(e) Disclosure of Shareholding of Promoters

Disclosure of Shareholding of Promoters is as follows :

Promoter Name	As at March 31, 2023		As at March 31, 2022		% Change during the year
	No. of Shares (in Lakhs)	% of Total Shares	No. of Shares (in Lakhs)	% of Total Shares	
Mukand Limited (along with its Nominees)	273.00	100.00%	139.23	51.00%	49.00%
Sumitomo Corporation, Japan	-	0.00%	133.77	49.00%	-49.00%
Total	273.00	100.00%	273.00	100.00%	0.00%

(f) Terms and rights attached to equity shares

The Company has only one class of equity share having a par value of Rs. 10/- per share. Each holder of equity shares is entitled to one vote per equity share. They are entitled to receive dividend proposed by the Board of Directors and approved by shareholders in General Meeting and right to get new shares proportionately in case of issuance of additional shares by the company.

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

(g) There are no bonus shares issued and shares bought back since inception.

(h) There are no shares reserved for issue under options and contracts / commitments for sale of shares/disinvestment.

(i) There are no unpaid calls from any Director and officer.

(j) No Dividend has been declared for the year ended March 31, 2023 (March 31, 2022: Nil).

(k) During the year, in terms of arrangement with Joint Venture partner - Sumitomo Corporation, Japan (SC), Mukand Limited has purchased 1,33,77,000 shares of the Company from SC and accordingly Company has become a Wholly Owned Subsidiary of Mukand Limited with effect from September 30, 2022.



Mukand Sumi Metal Processing Limited
Notes forming part of the Financial Statements

Note 14: Other Equity

(Rs. in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Securities Premium	8,469.07	8,469.07
Retained Earnings	(3,115.85)	(1,814.94)
Remeasurement of Defined Benefit Obligation through OCI	14.94	8.97
Total	5,368.16	6,663.10

Movement in Reserves

(i) Securities Premium

Securities Premium is used to record premium on issue of shares. The reserve is utilised as per the provisions of

(Rs. in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Balance at the beginning of the year	8,469.07	8,469.07
Movement during the year	-	-
Balance at the end of the year	8,469.07	8,469.07

(ii) Retained Earnings

Retained Earnings are the profits of the Company earned till date net of appropriations.

(Rs. in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Balance at the beginning of the year	(1,814.94)	(1,432.36)
Profit / (Loss) during the year	(1,300.91)	(382.58)
Balance at the end of the year	(3,115.85)	(1,814.94)

(iii) Remeasurement of Defined Benefit Obligation through OCI

(Rs. in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Balance at the beginning of the year	8.97	6.23
For the Year	5.97	2.74
Balance at the end of the year	14.94	8.97



Note 15: Provision

Particulars	As at March 31, 2023		As at March 31, 2022	
	Current	Non-Current	Current	Non-Current
Provision for Employee Benefits - Gratuity (Refer Note 32)	0.11	3.21	0.27	3.21
Provision for Employee Benefits - Leave	9.16	2.42	9.17	4.45
Total	9.27	5.63	9.44	7.66

Note 16: Current Borrowings

Particulars	As at March 31, 2023		As at March 31, 2022	
	Current	Non-Current	Current	Non-Current
Secured				
Working Capital Loan - Repayable on demand			500.00	
Total	-	-	500.00	-

Note (a): The facilities from the bank are secured by First and exclusive hypothecation charge on all existing and future receivables / current assets / moveable assets / moveable fixed assets of the Company. Rate of interest: range is between 5.50% - 11.30% p.a. Previous year: 5.50% - 11% p.a.

Note (b): The Company has not defaulted in the repayment of borrowings and interest as at each Balance Sheet date.

Note (c): Working capital cash credit facilities balance is shown in Note 13 since facility is having debit balance.

Note (d): The Company has filed monthly returns or statements with the Kotak Mahindra Bank in lieu of the sanctioned working capital facilities, which are in agreement with the books of accounts other than as set out below:

For the year ended March 31, 2023

Particulars of Security Provided	Month	Amount disclosed as per Books of Account (BOA) #	Amount as reported in the monthly return / statement	Variance	Reason for material discrepancies
First and exclusive hypothecation charge on all existing and future receivables / current assets / moveable assets / moveable fixed assets	Apr-22	18,155.20	18,363.79	95.42	-
	May-22	18,593.58	18,470.16	123.42	-
	Jun-22	18,144.71	18,494.12	(149.42)	-
	Jul-22	17,726.49	18,847.90	(1,121.42)	Refer note (b) below
	Aug-22	17,452.70	19,176.41	(1,723.71)	Refer note (b) below
	Sep-22	8,880.15	9,969.61	(1,089.46)	Refer note (b) below
	Oct-22	6,790.17	8,547.02	(1,756.85)	Refer note (b) below
	Nov-22	8,868.29	7,977.57	890.72	Refer note (a) below
	Dec-22	6,540.88	6,430.32	110.56	-
	Jan-23	6,140.74	5,436.02	704.71	Refer note (a) below
	Feb-23	5,732.61	5,463.82	269.79	-
	Mar-23	6,153.63	6,836.66	(683.03)	Refer note (c) below

Note (a): The variation is on account of early submission of the bank statement prior to closures of books of accounts.

Note (b): The stock statement submitted contained the details of alloy steel business of MSMP which was demerged into MSML as per Scheme of Arrangement. (refer Note 29(1)).

Note (c): The variation is on account of considering the provisions after submission of stock statements with bank.

For the year ended March 31, 2022

Particulars of Security Provided	Month	Amount disclosed as per Books of Account (BOA) #	Amount as reported in the monthly return / statement	Variance	Reason for material discrepancies
First and exclusive hypothecation charge on all existing and future receivables / current assets / moveable assets / moveable fixed assets	Jun-21	13,687.50	12,579.07	8.43	-
	Sep-21	17,481.54	17,392.39	89.15	-
	Dec-21	17,736.09	17,542.79	193.30	-
	Mar-22	17,331.35	16,394.92	936.43	In Statement to the Bank, receivables disclosed are netting off whereas in BOA, the same are reported as Gross and Liability for discounted bills shown on Liability resulted into Variance. However, the Drawing Power has been short availed by Borrower as per the variance.

The amounts as disclosed above till the date of Scheme of Arrangement becoming effective include the impact of alloy steel business of the Company which was demerged into MSML as a going concern. (refer Note 29(1)).

Note (e): As at March 31, 2022, the register of charges of the Company as available in records of the Ministry of Corporate Affairs (MCA) includes charges that were created / modified since the inception of the Company. The Company is in the continuous process of filing the charge satisfaction e-form with MCA, within the timelines, as and when it receives NOCs from the respective charge holders.

Note (f): Willful Defaulter: The Company has not been declared willful defaulter by any bank or financial institution or government or any government authority.

Note 17: Trade Payables

Particulars	As at March 31, 2023		As at March 31, 2022	
	Current	Non-Current	Current	Non-Current
Trade Payables				
Total Outstanding dues of Micro and Small Enterprises	5.87	2.93		
Total Outstanding dues of Creditors Other than Micro and Small Enterprises	7,869.97	4,645.42		
Total	7,875.84	4,648.35		

Note (a): For payables due to related parties, refer Note 32.

Note (b): Ageing of Trade Payables is as given below:

Particulars	Not due	Outstanding for following periods from due date of Payment				Total
		Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	
(i) MSME	2.93	2.20	-	-	-	5.87
(ii) Others	2,484.96	5,385.01	-	-	-	7,869.97
(iii) Disputed Dues - MSME	-	-	-	-	-	-
(iv) Disputed Dues - Others	-	-	-	-	-	-
Total	2,488.93	5,387.21	-	-	-	7,875.84

Particulars	Not due	Outstanding for following periods from due date of Payment				Total
		Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	
(i) MSME	2.93	-	-	-	-	2.93
(ii) Others	3,295.10	1,350.32	-	-	-	4,645.42
(iii) Disputed Dues - MSME	-	-	-	-	-	-
(iv) Disputed Dues - Others	-	-	-	-	-	-
Total	3,298.03	1,350.32	-	-	-	4,648.35

Note (c): Disclosure in respect of creditors registered under Micro, Small and Medium Enterprises Development Act, 2006 (MSMEDA) is as under:

Particulars	As at March 31, 2023		As at March 31, 2022	
	Current	Non-Current	Current	Non-Current
The principal amount and the interest due thereon remaining unpaid to suppliers				
(a) (i) Principal	5.87	2.93		
(ii) Interest due thereon	-	-		
(b) (i) Interest actually paid under section 16 of the MSMEDA	-	-		
(ii) Amount of payment made to suppliers beyond the appointed day	-	-		
(c) Amount of interest due and payable for the period of delay in making payment (which have been paid and beyond the appointed day during the year) but without accruing interest under MSMEDA	-	-		
(d) Amount of interest accrued and remaining unpaid	-	-		
(e) 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 MSMEDA	-	-		

The disclosure above is based on the information available with Company regarding the status of the suppliers under the MSMEDA.



Mukand Sumi Metal Processing Limited
Notes forming part of the Financial Statements

Note 18: Other current financial liabilities

(Rs. in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Creditors for capital goods	9.30	4.31
Employee liabilities	2.23	3.17
Other Liabilities	-	18.82
Forward Contract Payable	28.53	-
Other payable on account of demerger (Refer Note 39(1))	2,435.14	1,546.79
Total	2,475.20	1,573.09

Note 19: Other current liabilities

(Rs. in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Statutory tax payables	25.32	92.62
Advance received from Customers	224.22	112.73
Total	249.54	205.35



Mukand Sumi Metal Processing Limited
Notes forming part of the Financial Statements

Note 20: Revenue from Operation

(Rs. in Lakhs)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Sale of Products	54,973.25	44,531.83
Operating Income		
Scrap Sales	4,603.17	3,996.32
Plant and Machinery Hire Charges Income	481.16	431.69
Export Incentive	279.75	225.34
Total	60,337.33	49,185.19

For transactions with related parties, refer Note 33.

Note 21: Other Income

(Rs. in Lakhs)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
A. Interest Income:		
From Customers / Suppliers	-	137.61
On Income tax Refund	7.75	10.70
On VAT Refund	-	1.14
On Fixed Deposit	0.18	0.20
B. Other non-operating Income:		
Excess Provision Written Back	-	10.05
Foreign Exchange Gain (net)	-	18.75
Total	7.93	178.45



Mukand Sumi Metal Processing Limited
Notes forming part of the Financial Statements

Note 22: Cost of materials Consumed

(Rs. in Lakhs)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Opening Stock	6,267.41	5,991.39
Add: Purchases (Refer Note 33)	59,595.65	46,832.32
Less: Closing Stock	(8,903.93)	(6,267.41)
Total	56,959.12	46,556.30

Note 23: Changes in inventories of Finished Goods, Stock-in-Trade and Work-in-Progress

(Rs. in Lakhs)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Opening Stock of Finished Goods	2,341.48	770.61
Closing Stock of Finished Goods	(2,273.05)	(2,341.48)
Total	68.43	(1,570.87)

Note 24: Employee benefit expenses

(Rs. in Lakhs)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Salaries and wages including bonus	32.78	41.10
Gratuity expense (Refer Note 32)	1.46	1.89
Leave expenses	(1.07)	1.49
Staff welfare expenses	-	0.00
Total	33.16	44.48

Note 25: Finance Costs

(Rs. in Lakhs)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
A. Interest expense:		
On financial liabilities measured at amortized cost	90.91	59.43
Paid to Suppliers	124.65	9.19
On Statutory dues	0.18	1.21
B. Other borrowing costs:		
Loan processing charges	12.50	-
Bank Charges	27.38	30.98
Total	255.62	100.82

Note 26: Depreciation and amortization expense

(Rs. in Lakhs)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Depreciation of Property, Plant and Equipment (Refer Note 2)	234.98	260.81
Amortisation of Intangible assets (Refer Note 3)	113.51	227.01
Total	348.48	487.82



Note 27: Other Expenses

(Rs. in Lakhs)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Consumption of stores and spare parts	-	8.64
CSR expenditure [Refer Note 27(b)]	-	-
Power and fuel consumed	3.66	-
Other manufacturing expenses	2,934.63	2,503.25
Freight and forwarding expenses	1,308.18	382.37
Repairs and maintenance - Plant and Machinery	29.31	23.29
Foreign Exchange Loss (net)	9.25	-
Repairs and maintenance - Premises	0.09	-
Insurance	2.70	1.97
Marketing expenses (Refer Note 33)	148.78	89.91
Auditors remuneration [Refer Note 27(a)]	11.54	6.24
Legal and professional Fees	30.04	24.58
Rent, rates and taxes	31.86	-
Communication	2.74	1.77
Travelling and conveyance	0.44	2.39
Printing and stationery	1.57	3.09
Miscellaneous expenses	46.22	41.68
Total	4,561.01	3,089.17

Note 27(a): Auditor's remuneration (excluding taxes)

(Rs. in Lakhs)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Payment made: *		
for Statutory audit fee	6.29	3.86
for Tax audit	1.75	0.64
for Other services	3.50	1.73
for Reimbursement of expenses	-	-
Total	11.54	6.24

* Current year auditor's remuneration includes amount paid to previous auditor amounting to Rs. 3.66 lakhs for restatement of account.

Note 27(b): CSR Expenditure

The average net profit for the last three financial years is negative calculated in accordance with the provisions of Section 198 of the Act. Therefore, the Company is not required to spend any amount towards CSR activities for the financial year 2022-23.



Mukand Sumi Metal Processing Limited
Notes forming part of the Financial Statements

Note 28: Income tax expense

(Rs. in Lakhs)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
(a) Current Tax		
Current tax on profits for the year	-	-
Short (excess) provision of tax for earlier years	-	1.89
Total current tax expense	-	1.89
(b) Deferred tax expense / (income)		
(Increase) / Decrease in deferred tax assets (Refer Note 6)	(577.65)	191.00
Add: MAT Credit Entitlement	-	846.56
	(577.65)	1,037.56
Total Tax Expense / (Income) (a+b)	(577.65)	1,039.45

Reconciliation of tax expense and the accounting profit multiplied by India's tax rate:

(Rs. in Lakhs)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Profit / (Loss) before income tax expense	(1,880.56)	655.93
Tax using enacted income tax rate in India applicable to the Company 26.00%	(488.95)	170.54
Tax effect of:		
MAT Credit Entitlement Reversed	-	846.56
Short / (excess) provision of tax for earlier years	-	1.89
Tax on OCI	2.01	0.94
Others	(90.71)	19.52
Income tax expense	(577.65)	1,039.45

Current Tax:

The Company does not envisage any liability for income tax for the current year in absence of any taxable income.

Amounts recognised directly in equity:

No aggregate amounts of current and deferred tax have arisen in the reporting period which have been recognised in equity and not in Statement of Profit and Loss or Other Comprehensive Income.



Mukand Sumi Metal Processing Limited
Notes forming part of the Financial Statements

Note 29: Earnings per share

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
A. Profit attributable to the equity holders of the company (Rs. in lakhs)	(1,300.91)	(382.58)
B. Weighted average number of shares for Basic EPS (Nos. in lakhs)	273.00	273.00
C. Adjustments for calculation of Diluted EPS (Nos. in lakhs)	-	-
D. Weighted average number of shares for Diluted EPS (B+C) (Nos. in lakhs)	273.00	273.00
(a) Basic EPS (in Rs.) (A / B)	(4.77)	(1.40)
(b) Diluted EPS (in Rs.) (A / D)	(4.77)	(1.40)

The Company does not have any outstanding dilutive potential equity shares. Consequently, the basic and diluted earning per share of the Company remain the same.



Mukand Sumi Metal Processing Limited
Notes forming part of the Financial Statements

Note 30: Capital Management

For the purpose of the Company's capital management, capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders of the Company. The primary objective of the Company's capital management is to maximise the shareholder value.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company monitors capital using a ratio of 'adjusted net debt' to equity. For this purpose, adjusted net debt is defined as total liabilities, comprising interest-bearing loans and borrowings less cash and cash equivalents.

The company's adjusted net debt to equity ratio are as follows:

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Long term and Short term borrowings	-	500.00
Less: Cash and cash equivalents *	(283.50)	(584.38)
Net debt	(283.50)	(84.38)
Total Equity	8,098.16	9,393.10
Net Debt to Equity ratio	-3.50%	-0.90%

* Includes balance in Cash Credit accounts.

Dividends:

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Dividend declared by the Board of Directors of the Company	Nil	Nil



Mukand Sumi Metal Processing Limited
Notes forming part of the Financial Statements

Note 31: Segment Reporting

The Company is engaged in the business of stainless steel bright bars and wires, which is the only reportable segment.

The chief operating decision maker monitors the operating results of its stainless steel bright bars and wires as a whole for the purpose of making decisions about resource allocation and performance assessment.

Information about geographical areas

a) Revenue from external customers:

(Rs. in Lakhs)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
India	37,513.66	29,515.85
Rest of the world	17,459.59	15,015.98
Total	54,973.25	44,531.83

b) Non current assets (other than financial instruments and tax assets):

(Rs. in Lakhs)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
India	1,427.34	1,581.14
Rest of the world	3.81	-
Total	1,431.15	1,581.14

c) Information about major customer:

Revenue of Rs. 15,813.20 Lakhs have been derived from one external customers (March 31, 2022: Rs. 12,256.09 Lakhs) which amounts to more than 10% of total revenue during the year ended March 31, 2023 and March 31, 2022. These revenue are attributable to stainless steel bright bars and wires, which is the only reportable segment.



Note 32: Employee Benefits

(a) Long term employee benefit obligations

The leave obligations cover the Company's liability for sick and earned leave.

The compensated absences credit for the year ended March 31, 2023 based on actuarial valuation amounting to Rs. 1.07 lakhs has been credited to the Statement of Profit and Loss (Previous Year: Rs. 1.49 Lakhs charged to the Statement of Profit and Loss).

(b) Post employment obligations

Defined benefit plans

Gratuity

The Company provides for gratuity for employees as per Company's Scheme/s. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/termination is the employees last drawn basic salary, special allowance and dearness allowance per month and as per the Schemes applicable to those employees from time to time. The gratuity plan is an unfunded plan.

Particulars	(Rs. in Lakhs)	
	For the year ended March 31, 2023	For the year ended March 31, 2022 *
	Gratuity (Unfunded)	Gratuity (Unfunded)
Expenses recognised in the Statement of Profit and Loss during the year:		
Current Service Cost	0.39	2.08
Past Service Cost	-	-
Expected return on plan assets	-	-
Net Interest cost / (income) on Defined Benefit Obligation (DBO)	1.07	1.22
Total Expenses	1.46	3.29
Expenses / (Income) recognised in Other Comprehensive Income (OCI):		
Actuarial (Gain) / Losses due to change in Demographic Assumptions in DBO	-	-
Actuarial (Gain) / Losses due to change in Financial Assumption changes in DBO	(0.06)	(0.88)
Actuarial (Gain)/ Losses due to Experience variance on DBO	(7.92)	(5.52)
Return on plan assets, excluding amount recognised in net interest expense	-	-
Total Expenses / (Income)	(7.98)	(6.41)
Net (Asset) / Liability recognised as at balance sheet date:		
Present value of defined benefit obligation	3.32	14.77
Fair Value of Plan Assets	-	-
Funded status [(Surplus) / Deficit]	3.32	14.77
Movements in present value of DBO:		
Present value of defined benefit obligation at the beginning of the year	14.77	17.88
Current Service Cost	0.39	2.08
Past service cost	-	-
Interest Cost	1.07	1.22
Actuarial (Gain) / Loss	(7.98)	(6.41)
Benefits paid	(0.82)	-
Liability transferred *	(4.11)	-
Present value of DBO at the end of the year	3.32	14.77

* This liability is transferred in respect of employees who have been transferred from the Company to Mukand Sumi Special Steel Limited (MSSSL) pursuant to Scheme of Arrangement between the Company and MSSSL for de-merger of its alloy steel business into MSSSL.

Since the scheme is managed on unfunded basis, the next year contribution is taken as Nil.

Significant estimates: Actuarial assumptions and sensitivity

The significant actuarial assumptions were as follows:

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022 *
Discount rate	7.40%	7.25%
Salary growth rate	5.00%	5.00%
Mortality Rate (of IALM 2012-14)	100%	100%
Normal Retirement age	60 years	60 years
Attrition / Withdrawal rate (per annum)	2.00%	2.00%



Sensitivity analysis

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

(Rs. in Lakhs)

Particulars	Impact on defined benefit obligation					
	Change in assumptions		Increase in assumptions		Decrease in assumptions	
	March 31, 2023	March 31, 2022 *	March 31, 2023	March 31, 2022 *	March 31, 2023	March 31, 2022 *
Discount rate	1.00%	1.00%	(0.37)	(1.71)	0.44	2.07
Salary growth rate	1.00%	1.00%	0.44	2.09	(0.38)	(1.76)
Attrition / Withdrawal rate (per annum)	50.00%	50.00%	0.09	0.43	(0.10)	(0.50)
Mortality Rate	10.00%	10.00%	0.00	0.01	(0.00)	(0.01)

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

Risk exposure

Interest Rate risk: The plan exposes the Company to the risk of fall in interest rates. A fall in interest rates will result in an increase in the ultimate cost of providing the above benefit and will thus result in an increase in the value of the liability.

Liquidity Risk: This is the risk that the Company is not able to meet the short-term gratuity payouts. This may arise due to non availability of enough cash / cash equivalent to meet the liabilities or holding of illiquid assets not being sold in time.

Salary Escalation Risk: The present value of the defined benefit plan is calculated with the assumption of salary increase rate of plan participants in future. Deviation in the rate of increase of salary in future for plan participants from the rate of increase in salary used to determine the present value of obligation will have a bearing on the plan's liability.

Demographic Risk: The Company has used certain mortality and attrition assumptions in valuation of the liability. The Company is exposed to the risk of actual experience turning out to be worse compared to the assumption.

Regulatory Risk: Gratuity benefit is paid in accordance with the requirements of the Payment of Gratuity Act, 1972 (as amended from time to time). There is a risk of change in regulations requiring higher gratuity payouts (e.g. Increase in the maximum limit on gratuity of Rs. 20 lakhs).

The weighted average duration of the defined benefit obligation is 12 years (Previous Year: 13 years). The expected maturity analysis of undiscounted gratuity is as follows:

(Rs. in Lakhs)

Particulars	Less than a year	Between 2-5 years	Between 6-10 years	More than 10 years	Total
March 31, 2023					
Defined benefit obligation	0.11	0.48	3.19	6.21	9.99
March 31, 2022 *					
Defined benefit obligation	0.47	2.12	8.82	35.58	46.98

* The disclosure given in the above Note in respect of previous year is including liability transferred to Mukand Sumi Special Steel Limited pursuant to the Scheme of Arrangement.



Mukand Sumi Metal Processing Limited
Notes forming part of the Financial Statements

Note 33: Related Party Disclosures

a. Details of related parties:

Name of the related party	Description of Relationship
Mukand Limited	Parent Company (w.e.f. September 30, 2022)
Mukand Limited	Joint Venture (Investor) (upto September 29, 2022)
Sumitomo Corporation, Japan	Joint Venture (Investor) (upto September 29, 2022)
Mukand International FZE (MIFZE)	Other related parties
Stainless India Limited	Other related parties
Mukand Sumi Special Steel Limited	Other related parties
Mr. Rajesh V. Shah	Chairman (upto November 09, 2021)
Mr. Arvind M. Kulkarni	Chairman and Director (w.e.f. November 09, 2021)
Mr. Kenji Setogawa	Director (upto May 21, 2021)
Mr. Kosuke Okamoto	Director (w.e.f. May 21, 2021 and upto May 10, 2022)
Mr. Vipul M. Mashruwala	Director
Ms. Anna Abraham	Director (upto August 09, 2022)
Mr. Kazushi Katayama	Director (upto September 30, 2022)
Mr. R. Sankaran	Independent Director
Mr. Masaki Sasamoto	Director (upto September 30, 2022)
Ms. Meeta Khalsa	Director (w.e.f. October 10, 2022)
Mr. K. J. Mallya	Company Secretary (upto April 30, 2022)
Mr. Rajendra Sawant	Company Secretary (w.e.f. May 17, 2022)
Mr. Shingo Mizuho	Chief Financial Officer (upto May 21, 2021)
Mr. Umesh V. Joshi	Chief Financial Officer (w.e.f. May 21, 2021 and upto May 31, 2022)
Mr. Dhanesh Goradia	Chief Financial Officer (w.e.f. June 01, 2022)

b. Details of related party transactions:

(Rs. in Lakhs)

Name of the related party	Nature of Transaction	For the year ended March 31, 2023	For the year ended March 31, 2022
Mukand Limited	Purchase of Goods	59,595.65	46,832.80
	Sale of MEIS License	1.72	96.69
	Services Received	3,075.96	2,579.06
	Sale of Goods	4,603.17	3,996.32
	Services Rendered	481.16	431.69
	Interest paid	124.65	9.19
	Interest Received on advance payments	-	123.51
	Advance Given	-	4,362.90
	Advance Repaid / Utilised	-	4,362.90
Sumitomo Corporation, Japan	Purchase of Capital Asset	2.12	14.98
	Management fees recovery	-	7.19
	Other miscellaneous (Reimbursable expenses)	-	10.97
<u>Other related parties</u>			
Mukand Sumi Special Steel Limited	Other Miscellaneous (Reimbursable expenses charged)	-	11.72
Non-executive Directors	Directors Sitting Fees	1.60	1.60

c. Details of balances outstanding for related party transactions:

(Rs. in Lakhs)

Name of the related party	Nature of Transaction	As at March 31, 2023	As at March 31, 2022
Mukand Limited	Trade Payable	7,640.73	4,418.36
	Trade Receivable	338.59	436.94
	Interest Payable	-	5.18

d. Key Management Personnel (KMP) compensation:

(Rs. in Lakhs)

Nature of Transaction	For the year ended March 31, 2023	For the year ended March 31, 2022
Salary to KMP (including perquisites)	-	3.07
Total Compensation	-	3.07

Compensation to KMP does not includes amount in respect of gratuity and leave as the same is not determinable.

e. Terms and conditions of transactions with related parties:

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year end are unsecured and interest free and settlement occurs in cash. Further, all transactions and closing balances with related parties are reconciled by management.

f. There are no commitments with related parties.



Mukand Sumi Metal Processing Limited
Notes forming part of the Financial Statements

Note 34: Contingent Liabilities and Commitments

(Rs. in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
(a) Contingent liabilities not provided for		
Disputed Income Tax matters in appeal	18.46	18.46
Show Cause Notice cum demand issued on wrong availment of Service Tax Duty paid under Protest - Goods & Service Tax	9.83	9.83
(b) Capital commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	5.52	



Mukand Sumi Metal Processing Limited
Notes forming part of the Financial Statements

Note 35: Reconciliation of liabilities arising from financing activities:

(Rs. in Lakhs)

Particulars	Opening Balance	Cash Movement	Business Acquisition / Disposals	Foreign exchange changes	Fair value changes	Others	Closing Balance
March 31, 2023							
Working capital Loan	500.00	(500.00)	-	-	-	-	-
Total	500.00	(500.00)	-	-	-	-	-
March 31, 2022							
Working capital Loan	-	500.00	-	-	-	-	500.00
Total	-	500.00	-	-	-	-	500.00

These cash movements are included within the following lines in the cash flow statement: proceeds / (repayment) from borrowings.



Note 36: Fair Value Measurements

Accounting classification and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

(Rs. in Lakhs)

As at March 31, 2023	Carrying Amount				Fair Value			
	FVTPL	FVTOCI	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
Financial Assets: Non-current								
Other Financial Assets	-	-	10.44	10.44	-	-	-	-
Financial Assets: Current								
Trade Receivable	-	-	2,852.49	2,852.49	-	-	-	-
Cash and cash equivalents	-	-	283.50	283.50	-	-	-	-
Other Financial Assets	-	-	-	-	-	-	-	-
Total	-	-	3,146.43	3,146.43	-	-	-	-
Financial Liabilities: Current								
Short term borrowings	-	-	-	-	-	-	-	-
Trade Payables	-	-	7,875.84	7,875.84	-	-	-	-
Other Financial Liabilities	28.53	-	2,446.68	2,475.20	-	28.53	-	28.53
Total	28.53	-	10,322.52	10,351.04	-	28.53	-	28.53

(Rs. in Lakhs)

As at March 31, 2022	Carrying Amount				Fair Value			
	FVTPL	FVTOCI	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
Financial Assets: Non-current								
Other Financial Assets	-	-	9.83	9.83	-	-	-	-
Financial Assets: Current								
Trade Receivable	-	-	4,381.48	4,381.48	-	-	-	-
Cash and cash equivalents	-	-	584.38	584.38	-	-	-	-
Other Financial Assets	3.91	-	0.20	4.12	-	3.91	-	3.91
Total	3.91	-	4,975.90	4,979.81	-	3.91	-	3.91
Financial Liabilities: Current								
Short term borrowings	-	-	500.00	500.00	-	-	-	-
Trade Payables	-	-	4,648.35	4,648.35	-	-	-	-
Other Financial Liabilities	-	-	1,573.09	1,573.09	-	-	-	-
Total	-	-	6,721.44	6,721.44	-	-	-	-

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

1. Fair value of cash and short-term deposits, trade and other short term receivables, trade payables, other current liabilities, short term loans from banks and other financial institutions approximate their carrying amounts largely due to short term maturities of these instruments.
2. Financial instruments with fixed and variable interest rates are evaluated by the Company based on parameters such as interest rates and individual credit worthiness of the counterparty. Based on this evaluation, allowances are taken to account for expected losses of these receivables.
3. Forward pricing - The fair value is determined using quoted forward exchange rate at the reporting date and respective present value calculations based on high quality credit yield curves in the respective currency.

Fair Value Hierarchy

The fair value of financial instruments as referred to above have been classified into three categories depending on the inputs used in the valuation technique. The hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and lowest priority to unobservable inputs (Level 3 measurements).

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments, traded bonds and mutual funds that have quoted price. The fair value of all equity instruments which are traded in the stock exchanges is valued using the closing price as at the reporting period.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in 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.



Note 37: Financial Risk Management

The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's approach to addressing risks is comprehensive and includes periodic review of such risks and a framework for mitigating and reporting mechanism of such risks. The risk management framework is reviewed periodically by the Board. The Company's financial risk management is an integral part of how to plan and execute its business strategies.

The Company has exposure to the following risks arising from financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk

(A) Credit Risk:

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's trade and other receivables. The carrying amounts of financial assets represent the maximum credit risk exposure.

i. Trade and Other receivables

An impairment analysis is performed at each reporting date. The expected credit loss (ECL) over lifetime of the asset are estimated by adopting the simplified approach using a provision matrix. The loss rates are computed using a 'roll rate' method based on the probability of receivable progressing through successive stages till full provision for the trade receivable is made.

The Company continuously monitors defaults of customers and other counterparties and incorporates this information into its credit risk controls. The Company's policy is to deal only with creditworthy counterparties. The Company management considers that all the Financial Assets are of good credit quality, including those that are past due. Majority of Customer have been transacting with the company for a quiet long period and none of these customers balance have been written-off or credit impaired at the reporting date.

ii. Cash and bank balances

The Company held cash and bank balance of Rs. 283.50 lakhs at March 31, 2023 (March 31, 2022: Rs. 584.38 lakhs). The same are held with bank and financial institution counterparties with good credit rating. Also, company invests its short term surplus funds, if any, in bank fixed deposit which carry no market risks for short duration, therefore does not expose the company to credit risk.

iii. Derivatives

The forward cover has been entered into with banks and financial institution counterparties with good credit rating.

iv. Others

Other than trade receivables reported above, the Company has no other financial assets which carries any significant credit risk.

(B) Liquidity Risk:

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. Management monitors rolling forecasts of the Company's liquidity position and cash and cash equivalents on the basis of expected cash flows.

(i) Maturities of financial liabilities

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include contractual interest payments:

(Rs. in Lakhs)

Contractual maturities of financial liabilities as at March 31, 2023	1 year or less	1-2 years	More than 2 years	Total
Non-Derivative				
Working Capital Facility from bank	-	-	-	-
Trade payables	7,875.84	-	-	7,875.84
Other financial liabilities	2,446.68	-	-	2,446.68
Total non-derivative liabilities	10,322.52	-	-	10,322.52
Derivative				
Forward Contracts	28.53	-	-	28.53
Total derivative liabilities	28.53	-	-	28.53

(Rs. in Lakhs)

Contractual maturities of financial liabilities as at March 31, 2022	1 year or less	1-2 years	More than 2 years	Total
Non-Derivative				
Working Capital Facility from bank	500.00	-	-	500.00
Trade payables	4,648.35	-	-	4,648.35
Other financial liabilities	1,573.09	-	-	1,573.09
Total non-derivative liabilities	6,721.44	-	-	6,721.44
Derivative				
Forward Contracts *	-	-	-	-
Total derivative liabilities	-	-	-	-

* In previous year, derivative asset had been created hence is not reported in above table.

(C) Market Risk:

Market risk is the risk that changes in market prices, such as foreign exchange rates (currency risk) and interest rates (interest rate risk), will affect the company's income. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

(i) Foreign currency risk

The Company enters into forward exchange contracts to hedge against its foreign currency exposures relating to the underlying transactions. The Company does not enter into any derivative instruments for trading or speculative purposes.

The forward exchange contracts used for hedging foreign currency exposure and outstanding as at reporting date are as under:

(a) Foreign currency risk exposure:

As at March 31, 2023		(Rs. in Lakhs)	
		USD	Euro
Financial Assets			
Trade Receivables		991.35	176.90
Less: Foreign exchange forward contract		(991.35)	(176.90)
Net exposure to foreign currency risk (Assets)		-	-
Financial Liabilities			
Trade payables		-	-
Less: Foreign exchange forward contract		-	-
Net exposure to foreign currency risk (Liabilities)		-	-

As at March 31, 2022		(Rs. in Lakhs)	
		USD	Euro
Financial Assets			
Trade Receivables		1,340.72	610.47
Less: Foreign exchange forward contract		(1,340.72)	(610.47)
Net exposure to foreign currency risk (Assets)		-	-
Financial Liabilities			
Trade payables		-	-
Less: Foreign exchange forward contract		-	-
Net exposure to foreign currency risk (Liabilities)		-	-

(b) Sensitivity if the Exchange rate moves upward / downward:

(Rs. in Lakhs)		
Particulars	As at March 31, 2023	As at March 31, 2022
USD		
Increase by 2%	-	-
Decrease by 2%	-	-
EURO		
Increase by 2%	-	-
Decrease by 2%	-	-

(c) Derivative instruments outstanding:

Particulars		As at March 31, 2023		As at March 31, 2022	
		Amount in Foreign Currency	Equivalent (in Rs.)	Amount in Foreign Currency	Equivalent (in Rs.)
For Exports:	USD	13.71	1,128.90	17.70	1,347.71
	EURO	18.50	1,666.97	10.00	857.32

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cashflows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's debt obligation at floating interest rates. 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.

(a) Interest rate risk exposure

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

(Rs. in Lakhs)		
Particulars	As at March 31, 2023	As at March 31, 2022
Variable rate borrowings	-	-
Fixed rate borrowings	-	500.00
Total borrowings	-	500.00
% of Borrowings out of above bearing variable rate of interest	0.00%	0.00%

(b) Sensitivity:

A change of 50 basis points in interest rates would have following impact on profit after tax and equity:

(Rs. in Lakhs)		
Particulars	As at March 31, 2023	As at March 31, 2022
Interest rates - increase by 50 basis points *	-	-
Interest rates - decrease by 50 basis points *	-	-

* Holding all other variables constant



Mukand Sumi Metal Processing Limited
Notes forming part of the Financial Statements

Note 38: Ratios

Sr. No.	Ratio	Numerator	Denominator	For year ended March 31, 2023	For year ended March 31, 2022	% Change in Ratio	Remarks
1	Current Ratio (in times)	Total Current Assets	Total Current Liabilities	1.52	2.06	-25.93%	Refer note (a) below
2	Debt-Equity Ratio (in times)	Debt consists of borrowings	Total Equity	-	0.05	-100.00%	Refer note (b) below
3	Debt Service Coverage Ratio (in times)	Earnings for Debt Service = Net Profit after taxes + Non Cash Operating Expenses + Interest + Other Non Cash Adjustments	Debt Service = Interest and lease payments + Principal Repayments	-	0.40	-100.00%	Refer note (b) below
4	Return on Equity Ratio (in %)	Profit for the year less preference dividend (if any)	Average Total Equity	-14.87%	-3.99%	272.59%	Refer note (c) below
5	Inventory Turnover Ratio (in times)	Cost of Goods Sold	Average Inventory	5.76	5.85	-1.52%	-
6	Trade Receivables Turnover Ratio (in times)	Revenue from Operations	Average Trade Receivables	16.68	13.23	26.06%	Refer note (d) below
7	Trade Payables Turnover Ratio (in times)	Net Credit Purchases	Average Trade Payables	9.52	10.74	11.38%	-
8	Net Capital Turnover Ratio (in times)	Revenue from Operations	Average Working Capital i.e. Total Current Assets less Total Current Liabilities	9.39	7.17	30.95%	Refer note (d) below
9	Net Profit Ratio (in %)	Profit for the year	Revenue from Operations	-2.16%	-0.78%	177.18%	Refer note (c) and (d) below
10	Return on Capital Employed (in %)	Profit before tax and finance cost	Capital Employed = Tangible Net worth + Total Debt + Deferred Tax Liabilities	-20.78%	7.96%	-360.90%	Refer note (d) below

Notes:

- The amount payable on account of demerger has been increased in comparison with previous year.
- The Company doesn't have any debt obligation as at the end of the current year and debt equity ratio and debt service coverage ratio is Nil for the current year.
- The Company has incurred loss in current financial year.
- The revenue has been increased in current financial year as compared to previous financial year.



Note 19:

1. Demerger Scheme

The Board of Directors of the Company and Mukand Sumi Special Steel Limited (MSSSL) had approved demerger of alloy steel business of the Company including proportionate goodwill into MSSSL as a going concern pursuant to a proposed Scheme of Arrangement amongst the Company, MSSSL and their respective shareholders and creditors under Sections 230 to 232 read with Section 52 and other applicable provisions of the Companies Act, 2013. The Scheme has been approved by the National Company Law Tribunal (NCLT) vide its order dated August 19, 2022 and a certified copy of the order has been filed by the Company with the Registrar of Companies, Mumbai, Maharashtra, on August 22, 2022. Consequent to the arrangement prescribed by the Scheme, all the assets and liabilities of the alloy steel business of the Company were transferred to and vested in MSSSL with effect from April 01, 2020 (the Appointed Date).

Pursuant to the approved scheme, the Company has allocated its assets, liabilities, income and expenses as per agreed terms as stated in Share Purchase Agreement made between both the Companies for transfer of Alloy Steel Business. Accordingly, the financial statements of the Company for previous year have been restated to reflect the impact of Scheme of Arrangement.

As per the accounting treatment approved by the NCLT, the Company has adjusted the difference of Rs. 150.41 crores arising between the assets and the liabilities of the demerged undertaking transferred as on the appointed date against the balance of Securities Premium in the books of account of the Company.

The audited financial statements for the year ended March 31, 2021 and March 31, 2022 have been restated to consider the effects of demerger as explained above and are audited by the previous statutory auditor.

The effect of demerger on the amounts of Revenue and Profit / (Loss) after tax in previous year are as shown below:

Particulars	For the year ended March 31, 2022
Revenue from operations:	
As per the financials approved by the members	92,841.21
As restated for the effect of Scheme of arrangement	-49,185.19
Profit/(loss) after tax:	
As per the financials approved by the members	(116.59)
As restated for the effect of Scheme of arrangement	(382.58)

The commercial settlement between the Company and MSSSL is pending as at the end of the year and accordingly, the balance payable to MSSSL has been shown under Note 18 Other current financial liabilities as 'Other payable on account of demerger'.

2. Code on Social Security

The Code on Social Security, 2020 ('Code') has been notified in the Official Gazette in September 2020 which could impact the contribution by the Company towards certain employment benefits. The effective date from which the changes and rules would become applicable is yet to be notified. Impact of the changes will be assessed and accounted in the relevant period of notification of relevant provisions.

3. Relationship with Struck off Companies

The Company does not have any transactions with companies struck off under section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956.

4. Loans & Advances in which Directors/ Promoters/ KMPs are interested

No Loans or Advances in the nature of loans are granted to promoters, Directors, KMPs and the related parties (as defined under Companies Act, 2013), either severally or jointly with any other person.

5. Utilization of Borrowed funds

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 or entity, including foreign entities ("Intermediaries") with the understanding, whether recorded in writing or otherwise, that the Intermediary shall lend or invest in party identified by or on behalf of the Company (Ultimate Beneficiaries). The Company has not received any fund from any party (Funding Party) with the understanding that the Company shall, whether, directly or indirectly lend or invest in other persons or entities identified by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

6. Undisclosed Income

The Company have no such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).

7. Details of Crypto Currency or Virtual Currency

The Company have not traded or invested in Crypto currency or Virtual Currency during the current year or previous year.

8. Compliance with number of layers of companies

The Company does not have any subsidiary and hence the provisions of Section 247(1) of the Companies Act, 2013 read with the Companies (Restriction on number of Layers) Rules, 2017 are not applicable to the Company.

9. Previous year figures have been regrouped / reclassified wherever necessary to confirm to current year presentation.

As per our attached report of even date

For DHC & Co.
Chartered Accountants
Firm Registration No. 103525W

Atul Paliwal
Partner
Membership No. 401969



For and on behalf of Board of Directors of
Mukand Sumi Metal Processing Limited

Vipul M. Mashruwala
Director
DIN: 00333914

Dhanesh Goradia
Chief Financial Officer

Arvind M. Kulkarni
Director & CEO
DIN: 01656086

Rajendra Sawant
Company Secretary



Place: Jaipur
Date : May 15, 2023

Place: Mumbai
Date : May 15, 2023

Place: Mumbai
Date : May 15, 2023