K.C.KHANNA & CO.
CHARTERED ACCOUNTANTS
GSTIN 07AAAFK2984M1ZY
Udyam Regn. No. :UDYAM-DL-01-0005673

Gobind Mansion,
H-96, Connaught Circus,
New Delhi – 110 001
Tel : 2332 1050, 2332 1715,
2335 0119
Email: khannakc@yahoo.com

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Metalman Auto Limited
(formerly known as Metalman Auto Private Limited)

Report on the Audit of the Special Purpose Consolidated Financial Statements

Opinion

We have audited the accompanying Special Purpose Consolidated Financial Statements of Metalman Auto Limited ("the Company" or "the Holding Company"), its subsidiary (the Company and subsidiary collectively referred to as "the group") and its associate, which comprise the Consolidated Balance Sheet as at March 31, 2023, Consolidated Statement of Profit and Loss (including Other Comprehensive Income), Consolidated Statement of Cash flows and Consolidated Statement of Changes in Equity for the year then ended, and notes to the Special Purpose Consolidated Financial Statements, including a summary of material accounting policies and other explanatory information ("Special Purpose Consolidated Financial Statements"). The Special Purpose Consolidated Financial Statements have been prepared by the Management of the Company in accordance with the basis set out in "Basis of Accounting and Restriction on Distribution and Use" paragraph below which is approved by Board of Director of the Company dated July 11, 2024.

In our opinion and to the best of our information and according to the explanations given to us, the accompanying Special Purpose Consolidated Financial Statements have been prepared in all material aspects in accordance with the basis set out in "Basis of Accounting and Restriction on Distribution and Use" paragraph below, in respect of the financial position of the group and its associate as at March 31, 2023, and its financial performance and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the Auditor's Responsibilities section of our report for the Audit of the Special Purpose Consolidated Financial Statements. We are independent of the group and its associate in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the Special Purpose Consolidated Financial Statements 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.

K.C. KHANNA & CO. FRN 000481N CHARTERED ACCOUNTANTS

Basis of Accounting and Restriction on Distribution and Use

Without modifying our opinion, we draw attention to Note 2.1 of the Special Purpose Consolidated Financial Statements for the basis of accounting adopted for the preparation of Special Purpose Consolidated Financial Statements which describes that:

The Special Purpose Consolidated Financial Statements as at and for the year ended March 31, 2023 have been prepared after making suitable adjustments to the audited Consolidated financial statements prepared in accordance with the Accounting Standards prescribed under Section 133 of the Act read with Companies (Accounting Standards) Rules, 2021 (Indian GAAP financial statements) approved by the Board of Directors of the Company in their meeting held on September 5, 2023, for the accounting policies, including the accounting policy choices (both mandatory exceptions and optional exemptions) availed as per Ind AS 101, that have been adopted by the Company at the date of transition to Ind AS i.e. April 01, 2022 for the first statutory Ind AS financial statements prepared by the Company for the financial year ended March 31, 2024 and as per the presentation, and grouping/classifications in accordance with Division II of Schedule III to the Companies Act, 2013, pursuant to the SEBI Communication.

The Special Purpose Consolidated Financial Statements are prepared by the management of the Company and approved by the Board of Directors for the purpose of preparation of restated financial information to be included in the Draft Red Herring Prospectus ("DRHP"), Red Herring Prospectus ("RHP") and Prospectus, (collectively referred to "Offer Documents") of the Company in relation to its proposed initial public offering of equity shares as required by Section 26 of Part I of Chapter III of the Act, the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 ("SEBI ICDR Regulations"), as amended and the Guidance Note on Reports in Company Prospectuses (Revised 2019) ("the Guidance Note"). As a result, the Special Purpose Consolidated Financial Statements may not be suitable for another purpose.

Our report is intended solely for the use of Company to comply with the requirement of SEBI ICDR Regulations and should not be distributed to or used by any other parties. KC Khanna & Co. shall not be liable to the Company or to any other concerned for any claims, liabilities or expenses relating to this assignment. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come without our prior consent in writing.

Our Opinion is not modified in respect of above matters

Other Matters

1. The Special Purpose Consolidated Financial Statements have been prepared by the management and approved by the Board of Directors of the Company for the purpose of preparation of restated financial information to be included in the Draft Red Herring Prospectus ("DRHP"), Red Herring Prospectus ("RHP") and Prospectus, (collectively referred to "Offer Documents") in relation to the proposed initial public offering of equity shares of the Company ("the proposed offer") as required by Section 26 of Part I of Chapter III of the Act, the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 ("SEBI ICDR Regulations"), as amended and the Guidance Note on

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Reports in Company Prospectuses (Revised 2019) ("the Guidance Note"). Accordingly, the management has not presented the corresponding comparative figures in these Special Purpose Consolidated Financial Statements.

2. We did not audit the financial statements/financial information of the subsidiary/associate namely Metalman Micro Turners, a partnership firm (an associate entity upto March 28, 2023 and subsidiary w.e.f. March 29, 2023), as included in the Special Purpose Consolidated Financial Statements as mentioned below:

I. As Associate upto March 28, 2023

Particulars	Amount
Company's share of profit after tax	Rs. 27.40 million
Company's share of other comprehensive income	Rs. 0.15 million

II. As Subsidiary w.e.f. March 29, 2023

Particulars	Amount
Total assets	Rs. 2461.09 million
Total Income (including other income)	Rs. 55.93 million
Net cash inflows/ (outflows)	Rs. (62.49) million

The financial information for the said Company, as considered in the special purpose consolidated financial statements, is based on the audited special purpose financial statements of the said Company for the year ended March 31, 2023 audited by the other auditor "Dewan P.N. Chopra & Co., Chartered Accountants", whose report has been furnished to us by the Management together with the unaudited financial statements/financial information for the period 29th March 2023 to 31st March 2023 prepared and certified by the management of the said Company. Our opinion in so far as it relates to the amounts and disclosures included in special purpose consolidated financial statements in respect of the said Company, is based solely on the report of the said auditor together with the unaudited financial information certified by the Management.

In our opinion and according to the information and explanations given to us by management, the financial information of the said Company in regard to income and expenses for the period 29th March 2023 to 31st March 2023 as considered in the special purpose consolidated financial statements based on unaudited financial statements/financial information prepared and certified by the management is not material to the Group.

Our opinion is not modified in respect of the above matters.

K.C. KHANNA & CO. FRN 000481N NEW DELHI CHARTERED ACCOUNTANTS

Resi.Phones: M.M. Khanna-(011) 2625 7312 -Harsha Chandra-(0755) 246 5180 - N.K.Jain-(0120) 251 1703 - K. Balasubramanian - (080) 2244 0020

Branches: *Archana Apartments, 12, Zone II, M.P. Nagar, Bhopal-462 011- Phones: (0755) 427 1665, 276 9080- Fax: (0755) 427 3648- 1370, 31st Cross, 4th 'T' Block, Jayanagar, Bangalore-560 041- Phone: (080) 2244 0020,

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Responsibilities of Management and Those charged with Governance for Special Purpose Consolidated Financial Statements

The Management of the Company is responsible for the preparation of these Special Purpose Consolidated Financial Statements in accordance with the basis set out in "Basis of Accounting" paragraph above. This includes selection and application of appropriate accounting policies, making judgements and estimates that are reasonable and prudent and design, implementation and maintenance of such internal control, as respective management of entities included in group and its associate determines necessary, to enable the preparation of Special Purpose Consolidated Financial Statement that are free from material misstatement whether due to fraud or error.

In preparing the Special Purpose Consolidated Financial Statements, the respective management of entities included in group and its associate, is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters relating 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 charged with governance are responsible for overseeing the respective Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Special Purpose Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the Special Purpose Consolidated Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Special Purpose Consolidated 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 special purpose Consolidated 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, but not for expressing our opinion on whether the company has internal financial controls with reference to special purpose Consolidated financial statements in place and the operating effectiveness of such controls.

K.C. KHANNA & CO. FRN-000481N NEW DELHI CHARTERED ACCOUNTANTS

- 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 special purpose Consolidated 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.

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.

For KC Khanna & Co,
Chartered Accountants
ICAI Firm Registration No. 000481N

Nitin K Jain
Partner
Membership No.083084

UDIN: 24083084BKFIWZ2312

K.C. KHANNA & CO. ★ FRN:000481N NEW DELHI ★ CHARTERED ACCOUNTANTS

Place: Gurugram
Date: July 11, 2024

Metalman Auto Limited
(Formerly as Metalman Auto Private Limited)
(CIN: U34103DL1986PLC305213)
Special Purpose Consolidated Balance Sheet as at March 31, 2023
(Amount in Rupees million, unless otherwise stated)

Particulars	Notes	As at 31 March 2023
Assets		
Non-current assets		
Property, plant and equipment	3	4,430.33
Right of use assets	4	589.41
Capital work-in-progress	5	86.85
Goodwill	48	179.90
Intangible assets	6	27.42
Financial assets:		
i) Other financial assets	7	52.13
Other non-current assets	8	151.52
Total non- current assets		**5,517.56**
Current assets		
Inventories	9	930.77
Financial assets:		
i) Trade receivables	10	1,964.42
ii) Cash and cash equivalents	11	177.25
iii) Bank balances other than cash and cash equivalents	12	11.92
iv) Loans	13	0.86
v) Other financial assets	7	235.15
Other current assets	14	198.24
Total current assets		**3,538.61**
Total Assets		**9,056.17**
Equity and Liabilities		
Equity		
Equity share capital	15	27.19
Other equity	16	2,791.46
Equity attributable to owners of the Company		**2,818.65**
Non-controlling interest	16	34.55
Total equity		**2,853.20**
Liabilities		
Non-current liabilities		
Financial liabilities:		
i) Borrowings	17	1,909.78
ii) Lease liabilities	18	20.35
Provisions	19	28.13
Deferred tax liabilities (net)	20	663.13
Total non-current liabilities		**2,621.39**
Current liabilities		
Financial liabilities:		
i) Borrowings	17	1,196.67
ii) Lease liabilities	18	15.32
iii) Trade payables	21	
- total outstanding dues of micro and small enterprises		106.04
- total outstanding dues of creditors other than micro and small enterprises		1,624.35
iv) Other financial liabilities	22	173.75
Other current liabilities	23	282.03
Provisions	19	9.57
Current tax liabilities (net)	24	173.85
Total current liabilities		**3,581.58**
Total Equity and Liabilities		**9,056.17**

Corporate information, basis of preparation and material accounting policies **Note 1&2**

The accompanying notes 1 to 48 form an integral part of these special purpose consolidated financial statements.

In terms of our report of even date
For KC Khanna & Co.
Chartered Accountants
FRN 000481N

K.C. KHANNA & CO. FRN:000481N NEW DELHI CHARTERED ACCOUNTANTS

Nitin K Jain
Partner
Membership No.: 083084
Place: Delhi
Date: July, 11 2024

For and on behalf of the Board of Directors of
Metalman Auto Limited

Navneet Jairath
Managing Director
DIN: 01620652

Ajay Kumar Dubey
Chief Financial Officer

Bikramjit Bembi
Chairman
DIN: 01677152

Tarun Kumar
Company Secretary
M.NO:F9256

METALMAN AUTO LIMITED

Metalman Auto Limited
(Formerly as Metalman Auto Private Limited)
(CIN: U34103DL1986PLC305213)
Special Purpose Consolidated Statement of Profit and Loss for the Year ended March 31, 2023
(Amount in Rupees million, unless otherwise stated)

	Particulars	Notes	Year ended 31 March 2023
I	**Income**		
	Revenue from operations	25	10,503.91
	Other income	26	423.02
	Total Income		**10,926.93**
II	**Expenses**		
	Cost of materials consumed	27	7,860.49
	Changes in inventories of finished goods and work-in-progress	28	(38.35)
	Employee benefits expense	29	541.90
	Finance costs	30	140.36
	Depreciation and amortisation expense	31	295.47
	Other expenses	32	1,411.87
	Total expenses		**10,211.74**
III	**Profit before share of net profits of associate and tax (I-II)**		**715.19**
IV	Share of net profit of associate		27.40
V	**Profit before tax (III+IV)**		**742.59**
VI	**Tax expense:**	20	
	Current tax		109.08
	Taxation related to earlier years		(0.12)
	Deferred tax charge/(benefits)		2.52
	Total tax expense/ (benefit)		**111.48**
VII	**Profit for the year (V-VI)**		**631.11**
VIII	**Other Comprehensive Income**		
	Items that will not be reclassified to profit or loss in subsequent period		
	Re-measurement (loss)/gain on defined benefit plans		3.56
	Income tax effect		(1.24)
	Share of other comprehensive income in associate		0.15
	Total other comprehensive income for the year, net of tax		**2.47**
IX	**Total comprehensive income for the year, net of tax**		**633.58**
X	**Profit for the year attributable to**		
	Owners of the Company		631.62
	Non-controlling interest		(0.51)
XI	**Other Comprehensive Income for the year attributable to**		
	Owners of the Company		2.47
	Non-controlling interest		-
XII	**Total Comprehensive Income for the year attributable to**		
	Owners of the Company		634.09
	Non-controlling interest		(0.51)
XIII	Earnings per equity share		
	Basic and Diluted (in Rs.)	33	7.74

The accompanying notes 1 to 48 form an integral part of these special purpose consolidated financial statements.

In terms of our report of even date
For KC Khanna & Co.
Chartered Accountants
FRN 000481N

Nitin K Jain
Partner
Membership No.: 083084
Place: Delhi
Date: July, 11 2024

K.C. KHANNA & CO. FRN.000481N NEW DELHI CHARTERED ACCOUNTANTS

For and on behalf of the Board of Directors of
Metalman Auto Limited

Navneet Jairath
Managing Director
DIN: 01620652

Ajay Kumar Dubey
Chief Financial Officer

Bikramjit Bembi
Chairman
DIN: 01677152

METALMAN AUTO LIMITED

Tarun Kumar
Company Secretary
M.NO:F9256

Metalman Auto Limited
(Formerly as Metalman Auto Private Limited)
(CIN: U34103DL1986PLC305213)
Special Purpose Consolidated Statement of Cash Flows for the Year ended March 31, 2023
(Amount in Rupees million, unless otherwise stated)

Particulars	Year ended 31 March 2023	
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Net Profit before tax		742.59
Adjusted for :		
Depreciation and amortisation expense	295.47	
Net loss on sale of property, plant and equipment (net)	14.19	
Re-measurement to fair value of existing equity interest in acquiree in business combination	(392.41)	
Finance costs	140.36	
Expected credit loss	7.14	
Excess provision written back	(1.74)	
Balance written off	3.06	
Net gain/loss on foreign currency fluctuation	(38.18)	
Share of net profit of associate	(27.40)	
Interest income	(1.35)	(0.86)
Operating Profit before Working Capital Changes		741.73
Working capital adjustments:		
Decrease/ (Increase) in loans	(0.86)	
Decrease/ (Increase) in other financial assets	0.80	
Decrease/ (Increase) in inventories	(23.72)	
Decrease/ (Increase) in trade receivables and contract assets	69.37	
Decrease/ (Increase) in other assets	128.68	
(Decrease)/ Increase in other financial liabilities	6.97	
(Decrease)/ Increase in provisions	9.44	
(Decrease)/ Increase in other liabilities	11.91	
(Decrease)/ Increase in trade payables	(7.27)	
		195.32
Cash generated from operations		937.05
Direct taxes refund/ (paid)		(149.75)
Net Cash from Operating activities (A)		**787.30**
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment and intangible assets (including capital advances and capital	(336.35)	
Investment in capital of partnership firm (subsidiary)	(997.80)	
Sale of property, plant and equipment	43.23	
Investment in/ proceeds from fixed deposits (net)	(7.62)	
Interest received	0.64	
Net Cash used in Investing Activities (B)		**(1,297.90)**
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Principal and interest payment of lease liabilities	(17.80)	
Interest paid other than on lease liabilities	(129.94)	
Proceeds/ (Repayment) of long term borrowings (net)	316.27	
Proceeds/ (Repayment) of short term borrowings (net)	452.68	
Net Cash flows from (used) /in Financing Activities (C)		**621.21**
Net increase/(decrease) in Cash and Cash Equivalents (A+B+C)		**110.61**

K.C. KHANNA & CO. FRN 000481N NEW DELHI CHARTERED ACCOUNTANTS

METALMAN AUTO LIMITED

Metalman Auto Limited
(Formerly as Metalman Auto Private Limited)
(CIN: U34103DL1986PLC305213)
Special Purpose Consolidated Statement of Cash Flows for the Year ended March 31, 2023
(Amount in Rupees million, unless otherwise stated)

Cash and cash equivalents at beginning of year	**3.55**
Cash and cash equivalents of subsidiary on account of Business Combination	**63.09**
Cash and cash equivalents at end of the year	177.25
Components of cash and cash equivalents	
Cash on hand	1.93
Balance with banks:	
In current accounts	175.32
	177.25

The accompanying notes 1 to 48 form an integral part of these special purpose consolidated financial statements.

Note:
The Statement of cash flows has been prepared under the "Indirect Method" as set out in Indian Accounting Standard (Ind AS) 7 'Statement of Cash Flows'.

In terms of our report of even date
For KC Khanna & Co.
Chartered Accountants
FRN 000481N

Nitin K Jain
Partner
Membership No.: 083084
Place: Delhi
Date: July, 11 2024

K.C. KHANNA & CO
FRN 000481N
NEW DELHI
CHARTERED ACCOUNTANTS

For and on behalf of the Board of Directors of
Metalman Auto Limited

Navneet Lalrath
Managing Director
DIN: 01620652

Ajay Kumar Dubey
Chief Financial Officer

Bikramjit Bembi
Chairman
DIN: 01677152

Tarun Kumar Singh

Tarun Kumar
Company Secretary
M.NO:F9256

METALMAN AUTO LIMITED

Metalman Auto Limited
(Formerly as Metalman Auto Private Limited)
(CIN: U34103DL1986PLC305213)
Special Purpose Consolidated Statement of Change in Equity for the Year ended March 31, 2023
(Amount in Rupees million, unless otherwise stated)

A. Equity share capital (refer note 15)

Equity shares of Rs. 10 each issued, subscribed and fully paid	Number	Amount
As at 31 March 2022	2,719,174	27.19
Issue of share capital	-	-
As at 31 March 2023	2,719,174	27.19

B. Other equity (refer note 16)

Particulars	Reserves and Surplus				Total equity
	Securities Premium	General Reserve	Retained Earnings	Non- controlling Interest	
As at 31 March 2022	**23.75**	**38.32**	**2,095.30**	**-**	**2,157.37**
Addition on account of Business combination (refer note 4	-	-	-	35.06	35.06
Net Profit for the year	-	-	631.62	(0.51)	631.11
Other comprehensive income	-	-	2.47	-	2.47
Total comprehensive income	**-**	**-**	**634.09**	**34.55**	**668.64**
As at 31 March 2023	**23.75**	**38.32**	**2,729.39**	**34.55**	**2,826.01**

The accompanying notes 1 to 48 form an integral part of these special purpose consolidated financial statements.

In terms of our report of even date
For KC Khanna & Co.
Chartered Accountants
FRN 000481N

Nitin K Jain
Partner
Membership No.: 083084
Place: Delhi
Date: July, 11 2024

K.C. KHANNA & CO. FRN 000481N NEW DELHI CHARTERED ACCOUNTANTS

For and on behalf of the Board of Directors of
Metalman Auto Limited

Navneet Jairath
Managing Director
DIN: 01620652

Bikramjit Bembi
Chairman
DIN: 01677152

Ajay Kumar Dubey
Chief Financial Officer

Tarun Kumar
Company Secretary
M.NO:F9256

METALMAN AUTO LIMITED

1. Group information

Metalman Auto Limited ('the Company' or 'Holding Company') is engaged in the manufacturing and selling of Auto Parts.

The Holding Company incorporated under the provisions of the Companies Act, 1956 and was incorporated on 16th May 1986. The registered office of the Holding Company is located at JMK Tower, NH-8, First Floor, Mustatil No. 44, Killa No. 5, Village Kapashera, New Delhi, Delhi, India, 110037.

The Holding Company was converted into a public limited company under the Companies Act, 2013 on 3rd July, 2024 and consequently, the name was changed to "Metalman Auto Limited".

The Associate/subsidiary entity i.e. Metalman Micro Turners, a partnership firm, domiciled in India was incorporated on 3rd March 2010 and is engaged in the manufacturing and selling of Auto Parts. The Company held 50% share in the said entity till 28th March, 2023 which was increased to 98% w.e.f. 29th March 2023.

Accordingly, the financial statements/ financial information of the aforesaid entity have been included in the special purpose consolidated financial statements as at and for the year ended 31st March 2023 as below:

(i) As an associate- For the period from April 1, 2022 to March 28, 2023

(ii) As a subsidiary- For the period from March 29, 2023 to March 31, 2023

The Company and the subsidiary collectively referred to as "the Group" hereinafter.

2. Basis for preparation and measurement

2.1 Basis of preparation

The Special Purpose Consolidated Financial Statements as at and for the year ended March 31, 2023, have been prepared after making suitable adjustments to the audited financial statements prepared in accordance with the Accounting Standards prescribed under Section 133 of the Act read with Companies (Accounting Standards) Rules, 2021 (Indian GAAP financial statements) approved by the Board of Directors of the Company in their meeting held on September 5, 2023, for the accounting policies, including the accounting policy choices (both mandatory exceptions and optional exemptions) availed as per Ind AS 101, that have been adopted by the Company at the date of transition to Ind AS i.e. April 01, 2022 for the first statutory Ind AS financial statements prepared by the Company for the financial year ended March 31, 2024 and as per the presentation, and Companying/classifications in accordance with Division II of Schedule III to the Companies Act, 2013, pursuant to the SEBI Communication

The Special Purpose consolidated financial statements are prepared for the purpose of preparation of restated financial information of the Holding Company to be included in the Draft Red Herring Prospectus ("DRHP"), Red Herring Prospectus ("RHP") and Prospectus, (collectively referred to "Offer Documents") of the Company in relation to its proposed initial public offering of equity shares as required by Section 26 of Part I of Chapter III of the Companies Act, 2013, the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 ("SEBI ICDR Regulations"), as amended and the Guidance Note on Reports in Company Prospectuses (Revised 2019) ("the Guidance Note").

K.C. KHANNA & CO. ★ FRN 000481N NEW DELHI CHARTERED ACCOUNTANTS

METALMAN AUTO LIMITED

These Special Purpose Consolidated Financial Statements have been prepared solely for the purpose of preparation of Restated Consolidated Financial Information for inclusion in offer documents in relation to the proposed IPO accordingly, the management has not presented the corresponding comparative figures in these special purpose Consolidated Financial Statements. As such this Special Purpose Consolidated Financial Statements are not suitable for any other purpose other than for the purpose of preparation of Restated Consolidated Financial Information and are also not Financial Statements prepared pursuant to any requirements under section 129 of the Companies Act, 2013, as amended.

The special purpose consolidated financial statements have been prepared on a historical cost basis, except for the certain assets and liabilities which have been measured at different basis and such basis has been disclosed in relevant accounting policy.

All assets and liabilities have been classified as current or non-current according to the Group operating cycle and other criteria set out in the Act. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Group has ascertained its operating cycle as twelve months for the purpose of current non-current classification of assets and liabilities.

Deferred tax assets and liabilities are classified as non-current assets and non-current liabilities.

The Special Purpose Consolidated Financial Statements are presented in Indian Rupees "INR" or "Rs." and all values are rounded off to the nearest. Million with two decimals, unless indicated otherwise.

2.2 Principles of Consolidation

The Special Purpose Consolidated Financial Statements comprise the Consolidated Financial Statements of the Company and the following entity:

Name of the entity	Relationship	Date of incorporation	Country of incorporation	Effective % of capital holding
Metalman Micro Turners (a partnership firm)	Associate upto 28th March 2023 and Subsidiary w.e.f. 29th March 2023)	3 March 2010	India	50% share till 28th March, 2023 which was increased to 98% w.e.f. 29th March 2023

(i) Subsidiary

Subsidiary is an entity over which the Company has a control. Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Company controls an investee if and only if the Group has:

(a) Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
(b) Exposure, or rights, to variable returns from its involvement with the investee, and
(c) The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Company has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) The contractual arrangement with the other vote holders of the investee
(b) Rights arising from other contractual arrangements
(c) The Group voting rights and potential voting rights
(d) The size of the Company holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders

The Company re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the Special Purpose Consolidated Financial Statements from the date the Company gains control until the date the Company ceases to control the subsidiary.

Special Purpose Consolidated Financial Statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the Group uses accounting policies other than those adopted in the Special Purpose Consolidated Financial Statements for like transactions and events in similar circumstances, appropriate adjustments are made to that Group member's financial statements in preparing the consolidated financial statements to ensure conformity with the Group accounting policies. The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the Holding Company, i.e., year ended on March 31.

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Consolidation Procedures:

(a) Combine like items of assets, liabilities, equity, income, expenses and cash flows of the Holding Company with those of its subsidiary. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the Special Purpose Consolidated Financial Statements at the acquisition date.

(b) Offset (eliminate) the carrying amount of the Holding's investment in the subsidiary and the Holding Company's portion of equity of the subsidiary. Business combinations policy below explains how to account for any related goodwill.

(c) Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the group (profits or losses resulting from intragroup transactions that are recognised in assets, such as inventory and fixed assets, are eliminated in full). Intragroup losses may indicate an impairment that requires recognition in the Special Purpose Consolidated Financial Statements. Ind AS 12 "Income Taxes" applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.

(ii) Associates

Associate is entity over which the Company has significant influence but not control or joint control. This is generally the case where the Company holds between 20% and 50% of the voting rights. Investments in associate is accounted for using the equity method of accounting, after initially being recognised at cost.

Equity method
Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Company's share of the post-acquisition profits or losses of the investee in profit and loss, and the Company's share of other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associate is recognised as a reduction in the carrying amount of the investment.

When the Company's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Company does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Upon loss of significant influence over the associate, the Company measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in statement of profit or loss.

The Company discontinue the use of equity method from the date the investment is classified as held for sale in accordance with Ind AS 105 - Non-current Assets Held for Sale and Discontinued Operations and measures the interest in associate held for sale at the lower of its carrying amount and fair value less cost to sell.

The financial statements of the associate are prepared for the same reporting period as the Company. When necessary, adjustments are made to bring the accounting policies in line with those of the Company.

After application of the equity method, the Company determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the Company determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Company calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognises the loss in the statement of profit and loss.

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(iii) Business Combination

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Company elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition related costs are expensed as incurred.

Consideration transferred includes the fair values of the assets transferred, liabilities incurred by the Company to the previous owners of the acquiree, and equity interests issued by the Company. Consideration transferred also includes the fair value of any contingent consideration. Consideration transferred does not include amounts related to the settlement of pre-existing relationships. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not re-measured and the settlement is accounted for within other equity. Otherwise, other contingent consideration is re-measured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recorded in the Statement of Profit and Loss. A contingent liability of the acquiree is assumed in a business combination only if such a liability represents a present obligation and arises from a past event, and its fair value can be measured reliably. On an acquisition by-acquisition basis, the Company recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

The Company determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organised workforce with the necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

At the acquisition date, the identifiable assets acquired, and the liabilities assumed are recognised at their acquisition date fair values. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition fair values irrespective of the fact that outflow of resources embodying economic benefits is not probable. However, the following assets and liabilities acquired in a business combination are measured at the basis indicated below:

(a) Deferred tax assets or liabilities, and the liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with Ind AS 12 Income Tax and Ind AS 19 Employee Benefits respectively.

(b) Potential tax effects of temporary differences and carry forwards of an acquiree that exist at the acquisition date or arise as a result of the acquisition are accounted in accordance with Ind AS 12.

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If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss or OCI, as appropriate. Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Company re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in OCI and accumulated in equity as capital reserve. However, if there is no clear evidence of bargain purchase, the entity recognises the gain directly in equity as capital reserve, without routing the same through OCI.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

A cash generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

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2.3 Summary of material accounting policies

a. Property, plant and equipment ("PPE")

Property, plant and equipment are stated at cost i.e., cost of acquisition or construction inclusive of freight, erection and commissioning charges, non-refundable duties and taxes, expenditure during construction period, borrowing costs (in case of a qualifying asset) upto the date of acquisition/ installation, net of accumulated depreciation and accumulated impairment losses, if any.

When significant parts of property, plant and equipment (identified individually as component) are required to be replaced at intervals, the Group derecognizes the replaced part, and recognizes the new part with its own associated useful life and it is depreciated accordingly. Whenever major inspection/overhaul/repair is performed, its cost is recognized in the carrying amount of respective assets as a replacement, if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in the Statement of Profit and Loss.

Property, plant and equipment are eliminated from the Special Purpose Consolidated Financial Statements, either on disposal or when retired from active use. Losses/gains arising in case retirement/disposals of property, plant and equipment are recognized in the Statement of Profit and Loss in the year of occurrence.

Depreciation on property, plant and equipment are provided to the extent of depreciable amount on the straight line (SLM) Method. Depreciation is provided at the rates and in the manner prescribed in Schedule II to the Companies Act, 2013 as described below:

Class of asset	Useful life (in years)
Office Building	60
Factory Building	30
Plant and machinery	15
Electrical installations and equipment	10
Furniture and fittings	10
Vehicles	8
Office equipment	5
Computers	3

The subsidiary/associate entity has used written down value (WDV) method as per the estimated useful life of the property, plant and equipment for depreciation charge.

The residual values, useful lives and methods of depreciation/amortization of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

b. Capital work in progress

Capital work in progress is stated at cost, net of impairment loss, if any. Cost includes items directly attributable to the construction or acquisition of the item of property, plant and equipment, and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

c. Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization.
Intangible assets with finite lives (i.e. software and licenses) are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and method for an intangible asset is reviewed at least at the end of each reporting period.

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Costs relating to computer software are capitalised and amortised on straight line method over their estimated useful economic life of three years.

d. Impairment of non-financial assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognised immediately in profit or loss. When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

e. Inventories

Raw materials, stores and spares and packing materials:
At lower of cost and net realizable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost is determined on weighted average basis.

Work in progress:
At lower of cost and net realizable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on the basis of stage of completion.

Finished goods and by product:
At lower of cost and net realizable value. Cost includes direct materials, labour and a proportion of manufacturing overheads based on the normal operating capacity. Cost is determined on weighted average basis.

f. Borrowing costs

Borrowings cost are interest and other costs (including exchange differences relating to foreign currency borrowings to the extent they are regarded as an adjustment to interest costs) incurred in connection with the borrowing of funds. Borrowing cost directly attributable to the acquisition or construction of qualifying /eligible assets, intended for commercial production are capitalized as part of the cost of such assets. All other borrowing costs are recognized as an expense in the year in which they are incurred. Interest income earned on the temporary investment of surplus funds out of specific borrowings pending their expenditure on qualifying assets are deducted from the borrowing costs eligible for capitalisation. Qualifying assets are assets that necessarily take a substantive period of time to get ready for their use or sale.

g. Revenue Recognition

Revenue from contracts with customers is recognised when control of the goods are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods. Such revenue is recognised upon the Group's performance of its contractual obligations and on satisfying all the following conditions:

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(1) Parties to the contract have approved the contract and undertaken to perform their respective obligations;

(2) Such contract has specified the respective rights and obligations of the parties in connection with the transfer of goods or rendering of services (hereinafter the "Transfer");

(3) Such contract contains specific payment terms in relation to the Transfer;

(4) Such contract has a commercial nature, namely, it will change the risk, time distribution or amount of the Group's future cash flow;

(5) The Group is likely to recover the consideration it is entitled to for the Transfer to customers.

Revenue towards satisfaction of a performance obligation is measured at the amount of transaction price (net of variable consideration) allocated to that performance obligation. The transaction price of goods sold, and services rendered is net of variable consideration on account of various discounts and schemes offered by the Group as part of the contract with the customer. Revenue is recognised when no significant uncertainty exists regarding the collection of the consideration. The amount recognised as revenue is exclusive of all indirect taxes and net of returns and discounts.

(i) Sales of goods:
Revenue from sale of goods is recognized at the point in time when control of the goods is transferred to the customer, generally on delivery of the goods. In determining the transaction price for the sale of goods, the Group considers the effects of variable consideration, the existence of significant financing components, non-cash consideration, and consideration payable to the customer (if any).

(ii) Revenue from services is recognised in the accounting period in which the services are rendered.

(iii) Dividend income is recognized when the right to receive payment is established.

(iv) Interest income is recognized on a time proportion basis taking into account the amount outstanding and the interest rate applicable.

h. Foreign currency transactions

The Special Purpose Consolidated Financial Statements are presented in INR, which is also the Group's functional currency.

Foreign currency transactions are initially recorded in functional currency using the exchange rates at the date the transaction. At each balance sheet date, foreign currency monetary items are reported using the exchange rate prevailing at the year end. Exchange differences arising on settlement or translation of monetary items are recognised in Statement of Profit and Loss.

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

i. Taxes on income

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date where the Group companies operate and generates taxable income.

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Deferred tax

Deferred tax is recognized for all taxable temporary differences and is calculated based on the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is measured at the tax rates that are expected to be applied when the asset is realized or the liability is settled, based on the laws that have been enacted or substantively enacted at the reporting date.

Deferred tax assets are recognized only to the extent that it is probable that future taxable profits will be available against which the assets can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Minimum Alternative Tax

Minimum Alternative Tax (MAT) is recognized as an asset only when and to the extent there is convincing evidence that the Group will pay normal income tax during the specified period. In the year in which the MAT credit becomes eligible to be recognized as an asset the said asset is created by way of credit to the statement of profit and loss and included in deferred tax assets. The Group reviews the same at each balance sheet date and writes down the carrying amount of MAT entitlement to the extent there is no longer convincing evidence to the effect that Group will pay normal income tax during the specified period.

Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

j. Employee benefits

(i.) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the Group pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Payments to defined contribution plans are recognised as an expense when employees have rendered service entitling them to the contributions.

(ii.) Defined benefit plans

Liability in respect of Defined benefit plan is determined at the present value of the amounts payable determined using actuarial valuation techniques performed by an independent actuarial at each balance sheet date using the projected unit credit methods. Re-measurement, comprising actuarial gain and losses, the effects of assets ceiling (if applicable) and the return on plan assets (excluding interest), are reflected immediately in the statement of Financial Position with a charge or credit recognized in other comprehensive income in the period in which they occur. Past Service cost is recognized in the Statement of Profit & Loss in the period of plan amendment.

(iii.) Short-term employee benefits

Liabilities recognised in respect of wages and salaries and other short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service and are expensed as the related services are provided.

(iv.) Other long-term employee benefits

Liabilities recognised in respect of other long-term employee benefits such as long term service awards and compensated absences are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date based on the actuarial valuation using the projected unit credit method carried out at the year-end. Re measurement gain or losses are recognised in the statement of profit and loss in the period in which they arise.

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k. Leases

Group as a Lessee:

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and restoration cost, less any lease incentives received.

The right-of-use assets are subsequently depreciated over the shorter of the asset's useful life and the lease term on a straight line basis. In addition, the right-of-use asset is reduced by impairment losses, if any.

The lease liability is initially measured at amortised cost at the present value of the future lease payments. When a lease liability is remeasured, the corresponding adjustment of the lease liability is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116 and this may require significant judgment. The Group also uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate.

The Group determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend or terminate the lease if the Group is reasonably certain based on relevant facts and circumstances that the option to extend or terminate will be exercised. If there is a change in facts and circumstances, the expected lease term is revised accordingly.

The discount rate is generally based on the interest rate specific to the lease being evaluated or if that cannot be easily determined the incremental borrowing rate for similar term is used.

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Group **as a Lessor:**

Leases for which the group is a lessor is classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

For operating leases, lease payments received are recognized on systematic basis over the term of the relevant lease as a part of other income.

l. Provisions, Contingent liabilities and Contingent assets

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

A contingent liability exists when there is a possible but not probable obligation, or a present obligation that may, but probably will not, require an outflow of resources, or a present obligation whose amount cannot be estimated reliably. Contingent liabilities do not warrant provisions, but are disclosed unless the possibility of outflow of resources is remote. Contingent assets are neither recognised nor disclosed in the Special Purpose Consolidated Financial Statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognised in the period in which the change occurs.

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m. **Earnings per share**

Basic earnings per share is calculated by dividing the net profit or loss attributable to equity holders of the Company (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders of the Company and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

n. **Cash and cash equivalents**

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand, cheques on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

o. **Financial instruments**

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

(a) Financial assets

Classification

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss. Trade receivable that do not contain a significant financing component are measured at transaction price.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. The Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

Subsequent measurement

For purposes of subsequent measurement, the financial assets are classified in the following categories considering the nature of the financial assets of the group:

- Financial assets at amortised cost
-
- Financial assets at fair value through profit or loss

Financial assets at amortised cost

A 'financial asset' is measured at the amortised cost if both the following conditions are met:

a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

This category is the most relevant to the Group. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in other income in the profit or loss.

Financial assets at fair value through profit or loss

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Financial assets at fair value through profit or loss are carried in the balance sheet at fair value with net changes in fair value recognised in the Statement of Profit and Loss.

This category includes derivative instruments

De-recognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Group's balance sheet) when:

The rights to receive cash flows from the asset have expired, or

The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:

(a) the Group has transferred substantially all the risks and rewards of the asset, or
(b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

On de-recognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received/receivable is recognized in the profit or loss.

Impairment of financial assets

The Group applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, , trade receivables, other contractual rights to receive cash or other financial asset.,

Expected Credit Losses are measured through a loss allowance at an amount equal to:

a. 12-months expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date); or

b. Lifetime expected credit losses (expected credit losses that result from all possible default events over the life of financial instruments).

For trade receivables or any contractual right to receive cash or another financial asset that result from transaction that are within the scope of Ind AS 115 and Ind AS 116, the group always measures the loss allowance at an amount equal to lifetime expected credit losses.

For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL.

Further, for the purpose of measuring lifetime expected credit loss allowance for trade receivables, the Group has used a practical expedient as permitted under Ind AS 109. This expected credit loss allowance is computed based on historical credit loss experience and adjustments for forward looking information.

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(b) Financial liabilities

Classification

Financial liabilities - Initial recognition and measurement

The group initially measures a financial liability at its fair value minus, in the case of a financial liability not at fair value through profit or loss, transaction costs.

Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortised cost

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities at amortised cost

This is the category most relevant to the Group. After initial recognition, such financial liabilities are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the Statement of Profit and Loss.

Derecognition of Financial Liabilities

A Financial Liability (or, a part of financial liability) is derecognized when the obligation specified in the contract is discharged or cancelled or expires.

On de-recognition of a financial liability, the difference between the carrying amount of the financial liability de-recognised and the consideration paid/payable is recognised in profit or loss.

(c) Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement

The Group uses derivative financial instruments, such as forward currency contracts to hedge its foreign currency risks, . Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss,

(d) Equity Instrument

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments are recorded at the proceeds received. Incremental costs directly attributable to the issuance of equity instruments and buy back of equity instruments are recognized as a deduction from equity, net of any tax effects.

(e) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an

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intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

p. Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

In the principal market for the asset or liability, or

In the absence of a principal market, in the most advantageous market for the asset or liability
The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value.

The Group measures financial instruments such as derivatives and certain investments, at fair value at each balance sheet date.

All assets and liabilities for which fair value is measured or disclosed in the Special Purpose Consolidated Financial Statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the balance sheet on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

q. Government grants

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with.

When the grant relates to an asset, the cost of the asset is shown at gross value and grant thereon is treated as capital grant which is recognized as income in Statement of Profit and Loss over the period and in proportion in which depreciation is charged.

When the grant relates to an expense item, it is recognized as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed.
Government grants that become receivable as compensation for expenses or losses already incurred or for the purpose of giving financial support to the Group with no related costs is recognised in the Statement of profit or loss of the period in which it becomes receivable under 'Other operating income'/'Other income' based on the nature of grant.

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In the unlikely event that a grant previously recognized is ultimately not received, it is treated as a change in estimate and the amount cumulatively recognized is expensed in the Statement of Profit and Loss

r. Statement of Cash flows

The statement of cash flows is prepared in accordance with the Indian Accounting Standard (Ind AS) - 7 "Statement of Cash flows" using the indirect method for operating activities whereby profit for the period is adjusted for the effects of transaction of non-cash nature, and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the group are segregated. The group considers all highly liquid investments that are readily convertible to known amounts of cash to be cash equivalents.

2.4 Significant accounting judgements, estimates and assumptions

In the application of the Group accounting policies, which are described as below, the management of the Group are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

The following are the areas of estimation uncertainty and critical judgements that the management has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the Special Purpose Consolidated Financial Statements:-

Useful lives of depreciable assets
Management reviews the useful lives of depreciable assets at each reporting date. As at the current period end, management assessed that the useful lives represent the expected utility of the assets to the Group. Further, there is no significant change in the useful lives as compared to previous year.

Defined benefit plans
The cost of the defined benefit plan and other postemployment benefits and the present value of such obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Provision and contingent liability
On an ongoing basis, Group reviews pending cases, claims by third parties and other contingencies. For contingent losses that are considered probable, an estimated loss is recorded as an accrual in Special Purpose Consolidated Financial Statements. Contingent losses that are considered possible are not provided for but disclosed as Contingent liabilities in the Special Purpose Consolidated Financial Statements. Contingencies the likelihood of which is remote are not disclosed in the Special Purpose Consolidated Financial Statements. Contingent gain are not recognized until the contingency has been resolved and amounts are received or receivable.

Impairment of financial and non-financial assets

The impairment provisions for Financial Assets are based on assumptions about risk of default and expected cash loss rates. The Group uses judgement in making these assumptions and selecting the

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inputs to the impairment calculation, based on Group's past history, existing market conditions as well as forward-looking estimates at the end of each reporting period.

Impairment of Non - Financial Assets exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's-length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a DCF model.

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3. Property, plant and equipment*

Particulars	Freehold land	Building	Plant and machinery	Furniture and fittings	Vehicles	Office equipment	Computers	Total
Gross Carrying Value								
As at 1 April 2022 (refer note I below)	**94.30**	**885.16**	**1,556.54**	**24.90**	**44.26**	**12.63**	**10.97**	**2,868.39**
Additions	-	63.74	179 64	1.69	2.46	3.44	12.61	263.58
Additions on account of business combination (refer note 48)	562.50	335.52	951 74	6.12	11.62	3.03	2.07	1,872.60
Disposals	-	(0.05)	(55 33)	(1.04)	(4.17)	(0.14)	(0.17)	(60.90)
As at 31 March 2023	**656.80**	**1,284.37**	**2,632.59**	**31.67**	**54.17**	**18.96**	**25.48**	**4,943.67**
Accumulated Depreciation								
As at 1 April 2022 (refer note I below)	-	-	-	-	-	-	-	-
Depreciation charge for the year 2022-23	-	32.27	224.17	3.88	7.19	5.02	4.66	277.19
Disposals/ adjustments	-	-	(2.08)	(0.01)	(1.39)	-	-	(3.48)
As at 31 March 2023	-	**32.27**	**222.09**	**3.87**	**5.80**	**5.02**	**4.66**	**273.71**
Net carrying value :								
As at 31 March 2023	656.80	1,252.10	2,410.50	27.80	48.37	13.94	20.82	4,430.33

*First pari-passu charge against term loan from Bank and NBFC and second pari-passu charge against working capital loan from banks (Refer Note 17)

Note I: Deemed cost of property, plant and equipment as on 1 April 2022

Particulars	Freehold land	Building	Plant and machinery	Furniture and fittings	Vehicles	Office equipment	Computers	Total
Gross carrying amount as per previous GAAP								
As at 1 April 2022	94.30	916.30	1,773.61	28.92	50.07	17.87	15.43	2,896.50
Accumulated depreciation as per previous GAAP								
As at 1 April 2022	-	31.14	217.07	4.02	5.81	5.24	4.46	267.74
Net carrying amount (deemed cost) as at 1 April 2022	**94.30**	**885.16**	**1,556.54**	**24.90**	**44.26**	**12.63**	**10.97**	**2,628.76**

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4. Right of use assets

Particulars	Leasehold land	Leasehold building	Total
Gross Carrying Value			
As at 1 April 2022 (refer note I below)	**149.52**	**46.14**	**46.14**
Additions	-	7.71	7.71
Additions on account of business combination (refer note 48)	416.00	-	416.00
Disposals	-	-	-
As at 31 March 2023	**565.52**	**53.85**	**619.37**
Accumulated Depreciation			
As at 1 April 2022 (refer note I below)	-	**13.97**	**13.97**
Depreciation charge for the year 2022-23	1.71	14.28	15.99
Disposals/ adjustments	-		-
As at 31 March 2023	**1.71**	**28.25**	**29.96**
Net carrying value :			
As at 31 March 2023	**563.81**	**25.60**	**589.41**

Note I: Deemed cost of Right of use assets as at 1 April 2022

Particulars	Leasehold land	Total
Gross carrying amount		
As at 1 April 2022	151.28	151.28
Accumulated depreciation		
As at 1 April 2022	(1.76)	(1.76)
Net carrying amount (deemed cost) as at 1 April 2022	**149.52**	**149.52**

Notes:

a. Leasehold land (in respect of holding and subsidiary company) includes land taken on long term lease from government authorities.

b. Leasehold building (in respect of holding and company) represents property taken on lease for its corporate office and plant situation at Aurangabad accounted for in accordance with principle of Ind AS 116 'Leases'.

6. Intangible assets

Particulars	Software	Total
Gross Carrying Value		
As at 1 April 2022 (refer note I below)	**1.95**	**1.95**
Additions	27.76	27.76
Disposals	(0.04)	(0.04)
As at 31 March 2023	**29.67**	**29.67**
Accumulated Amortisation		
As at 1 April 2022 (refer note I below)		
Amortisation charge for the year 2022-23	2.29	2.29
Disposals/ adjustments	(0.04)	(0.04)
As at 31 March 2023	**2.25**	**2.25**
Net carrying value :		
As at 31 March 2023	**27.42**	**27.42**

Note I: Deemed cost of Intangible assets as at 1 April 2022

Particulars	Software	Total
Gross carrying amount as per previous GAAP		
As at 1 April 2022	24.91	24.91
Accumulated depreciation as per previous GAAP		
As at 1 April 2022	(22.96)	(22.96)
Net carrying amount (deemed cost) as at 1 April 2022	**1.95**	**1.95**

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5 Capital work-in-progress (CWIP)

Particulars	Amount
As at 31 March 2022	**25.00**
Additions	58.03
Additions on account of business combination (refer note 48)	130.09
Disposals/ capitalisations	(126.27)
As at 31 March 2023	**86.85**

Capital Work in progress ageing schedule
As at 31 March 2023

Particulars	Amount in CWIP for a period of				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	80.99	0.01	0.34	5.51	86.85
Total	**80.99**	**0.01**	**0.34**	**5.51**	**86.85**

Note I:
There are no projects as on the reporting period which have materially exceeded cost as compared to its original plan or where completion is overdue.

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7. Other financial assets
(Unsecured, considered good unless otherwise stated)

	As at 31 March 2023
Non-current	
At amortised cost	
Security deposits, considered good	49.53
Bank deposits *	2.55
Advance to employees	0.05
	52.13
Current	
At amortised cost	
Interest receivables	0.97
Subsidy receivable	168.12
Other receivable	64.72
Advance to employees	1.34
	235.15

*** Bank deposits represent margin money for bank guarantee**

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8. Other non-current assets
(Unsecured, considered good unless otherwise stated)

	As at 31 March 2023
Capital advances	149.60
Prepaid expenses	1.92
	151.52

9. Inventories #
(at lower of cost or net realisable value)

	As at 31 March 2023
Raw materials *	554.87
Work in progress	129.79
Finished goods**	172.87
Consumables and stores and spares including packing materials	34.02
Dies and Tools	59.22
Total	950.77

* Raw material include stock in transit amounting to Rs. 8.60 million.
# Hypothecated as charge against working capital loan from banks shown under "short term-borrowings" refer note 17
**Finished goods include stock in transit amounting to Rs. 63.66 million (31 March 2022: Rs. 116.37 million).

10. Trade receivables#

	As at 31 March 2023
At amortised cost	
Unsecured, considered good	2,032.68
Trade receivables, which have significant increase in credit risk	-
Trade recievables: Credit impaired	-
Less: allowance for credit loss	(68.26)
Total	1,964.42

Hypothicated as charge against working capital loan from banks shown under short term borrowing. Refer Note 17
Refer note 35 for related party balances.

The trade receivables have been recorded at their respective carrying amounts and are not considered to be materially different from their fair values as these are expected to realise within a shorter period from the date of balance sheet. All of the Group's trade receivables have been assessed for indications of impairment. Average credit period for trade receivables is 60 days.
The allowance for expected credit loss as at 31 March 2023 and changes in the allowance for expected credit loss for the year ended as at that are as follows

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	As at 31 March 2023
Opening balance	61.12
Add: Provided during the year	7.14
Less: Write offs, net of recoveries	-
Closing balance	**68.26**

Notes:
1. Receivables due from a firm in which director is a partner is Rs. 2.04 million.
2. Receivable due from a private company in which director is a director/ member is Rs. Nil.

Trade receivables ageing schedules (cont.)

Particulars	Outstanding as at 31 March 2023 from the due date of collection						
	Not due	Upto 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
Trade receivables,Unsecured, considered good	1,303.92	600.66	32.31	25.58	67.98	2.23	2,032.68
Trade receivables, which have significant increase in credit risk		-	-	-	-	-	-
Trade recievables: Credit impaired							
Less: Allowance for expected credit loss	-	-	-	-	-	-	(68.26)
Total	**1,303.92**	**600.66**	**32.31**	**25.58**	**67.98**	**2.23**	**1,964.42**

11. Cash and cash equivalents :

	As at 31 March 2023
At amortised cost	
Balances with banks	
In current accounts	175.32
Cash on hand	1.86
Digital wallet	0.07
	177.25

For the purpose of statement of cash flows, cash and cash equivalents comprises balances with banks and cash on hand and balance in digital wallet as specified above.

12. Bank balances other than cash and cash equivalents

	As at 31 March 2023
At amortised cost	
Bank deposits with maturity for 3 to 12 months	8.79
CSR contribution account with HDFC Bank *	3.13
	11.92

* Earmarked balance with bank.

13. Loans- current
(Unsecured, considered good unless otherwise stated)

	As at 31 March 2023
Loan to staff	
- unsecured considered good	0.86
	0.86

14. Other current assets
(Unsecured, considered good unless otherwise stated)

	As at 31 March 2023
Advance to suppliers	80.54
Staff advance	4.42
Prepaid expenses	16.10
Balances with government authorities	89.81
Fair value of plan asset (Refer Note 34)	7.32
Sundry receivable	0.05
	198.24

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15. Equity share capital

	Particulars	As at 31 March 2023	
		Number of shares	(Rs. In million)
a)	**Authorised**		
	Equity shares of Rs. 10/- each	5,000,000	50.00
		5,000,000	50.00
b)	**Issued, subscribed and fully paid up shares**		
	Equity shares of Rs. 10/- each	2,719,174	27.19
		2,719,174	27.19

a. Reconciliation of the number of shares and the amount outstanding at the beginning and at the end of the reporting year

Particulars	As at 31 March 2023	
	Number of shares	(Rs. in million)
Equity Shares		
At the beginning of the reporting year	2,719,174	27.19
Outstanding at the end of the reporting year	**2,719,174**	**27.19**

b. Terms/rights attached to equity shares

The Holding Company presently has one class of equity shares having par value of Rs.10/- each. Each holder of equity shares is entitled to one vote per share. The dividend proposed by the Board of Directors 'if any' is subject to the approval of the shareholders in the Annual General Meeting and then the shareholders are entitled for the dividend.

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

c. No class of shares have been issued as bonus shares or for consideration other than cash by the Holding Company during the five years immediately preceding the current year end.

d. Detail of equity shareholders holding more than 5% aggregate equity shares in the Holding Company

	Particulars	As at 31 March 2023	
		Number of shares held	% shareholding
	Name of the shareholder		
a)	Equity shares		
i)	Nishant Jairath	550,633	20.25%
ii)	Sachin Bembi	550,633	20.25%
iii)	Navneet Jairath	407,876	15.00%
iv)	Bikramjit Bembi	407,876	15.00%
v)	Sonia Bembi	258,321	9.50%
vi)	Nisha Jairath	258,321	9.50%
vii)	Savita Bembi	142,757	5.25%
viii)	Navita Jairath	142,757	5.25%
		2,719,174	**100.00%**

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e. The Board has not proposed any dividend during the year ended 31 March 2023 for equity share holders.

f. **Shareholding of promoters**

Share held by promoters as at 31 March 2023

Sr No	Promoter Name	As at 31 March 2023 Number of Equity shares	% of Total Shares
i)	Nisham Jairath	550,633	20.25%
ii)	Sachin Bembi	550,633	20.25%
iii)	Navneet Jairath	407,876	15.00%
iv)	Bikramjit Bembi	407,876	15.00%
v)	Sonia Bembi	258,321	9.50%
vi)	Nisha Jairath	258,321	9.50%
vii)	Savita Bembi	142,757	5.25%
viii)	Navita Jairath	142,757	5.25%
	Total	**2,719,174**	**100.00%**

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16. I) Other Equity

	As as 31 March 2023
a) Securities Premium	
As at 31 March 2022	**23.75**
Addition made during the year	-
As at 31 March 2023	**23.75**
b) General Reserve	
As at 31 March 2022	**38.32**
Addition made during the year	-
As at 31 March 2023	**38.32**
c) Retained Earnings	
As at 31 March 2022	**2,095.30**
Profit for the year	631.62
Other comprehensive income for the year	2.47
As at 31 March 2023	**2,729.39**
Total other equity	
As at 31 March 2023	**2,791.46**
II) Non-controlling Interest	
As at 31 March 2022	-
Addition on account of Business combination (refer note 45)	35.06
Profit for the year	(0.51)
Other comprehensive income for the year	-
As at 31 March 2023	**34.55**

Nature and purpose of reserves:

Securities Premium

Securities premium reserve is used to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of the Companies Act. 2013 (the Act)

Retained Earnings

Retained earnings are the profits that the Group has earned till date, less any transfers to general reserve, dividends or other distributions paid to shareholders.

General reserves

Free reserves to be utilised as per the provisions of the Act.

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17. Borrowings

	As at 31 March 2023
At amortised cost	
Non-current borrowings	
Secured	
Term loans (refer note (a))	
Term Loan from Banks	1,835.50
Term Loan from NBFCs	666.00
Vehicle loan (refer note (a))	
Vehicle Loan from Bank	18.53
	2,520.03
Less: Current maturities of long term borrowings	(681.26)
	1,838.77
Unsecured	
Term loans	
from related parties (refer note (b))	71.01
	1,909.78
Current Borrowings	
At amortised cost	
Secured	
Working capital loans (refer note (c))	
Loan repayable on demand	
- from Banks	430.41
- from Others	85.00
Current maturities of long-term debt	681.26
	1,196.67

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17. Borrowings (contd.)

Terms of Non-current borrowings (including respective current maturities)

Following are the details of certain pertinent terms and conditions of the borrowings for the year ended 31 March 2023 disclosing undiscounted outstanding balances:

a **Terms of Repayment and detail of security of term loan from Banks and NBFC's**

For term loans obtained by Holding Company

i Term Loan amounting to Rs. 1,221.93 million from HDFC Bank carrying interest @8.45% - 9.30% per annum., repayable in monthly and quarterly installments is secured by way of (1) first pari passu charge over the industrial property situated at industrial area 3, plot no 116 Pithampur, Dhar, Madhya Pradesh and (2) property bearing Sy.477, 478, 476, 473, 475/1 Mathigiri village kelamangalam krishnagiri Hosur and (3) first pari passu charge on the entire current assets including stock and receivables of the Holding Company both present and future.

ii Term Loan amounting to Rs. 256.51 million from Axis Bank carrying interest @9.30% per annum, repayable in quarterly installments is secured by way of (1) equitable mortgage on land and building of Hosur and (2) property located at industrial area 3 pithampur Madhya Pradesh. (3) first pari passu charge, by way of hypothecation of all movable fixed assets of the Holding Company except Chennai unit. Any additional collateral security offered by borrower to other term lenders (in case of pari passu charge) shall also be available to bank.

iii Term Loan amounting to Rs. 666.00 million from Bajaj Finserv Ltd (NBFC) carrying interest @9.65% per annum, repayable in quarterly installments is secured by way of (1) exclusive charge over land and building of Holding Company's unit situated at B12 MIDC, waluj Aurangabad. (2) exclusive charge over residential property situated at Ambience Island , Gurgaon and by way of (3) first pari passu on entire movable fixed assets of the Holding Company

iv Vehicle loans carry interest @7.10%-10.30% per annum and is repayable in equated monthly installments (including interest).

For term loans obtained by Subsidiary

v

Term Loan amounting to Rs. 357.06 million from HDFC Bank carrying interest @8.70% - 9.65% per annum., repayable in monthly and quarterly installments is secured by way of firstly secured by government guarantee under Emergency Credit Line Guarantee scheme (ECLGS) and secondly on Village Kapriwas, Akera Road, Dharuhera property, movable fixed assets and current assets of subsidiary

vii Vehicle loans carry interest @8.60%-8.75% per annum and is repayable in equated monthly installments (including interest).

b **Terms of repayment for loans from related parties**

Loan from related parties is as per stipulation of banks. These loans are not repayable during the currency of the credit facilities availed from the banks and carries interest rate @7% per annum

c **Terms of repayment and details of security of short term borrowing from banks**

For Short-term borrowings obtained by Holding Company

Secured by way of hypothecation of whole of the current assets of the Holding Company namely stocks of Raw materials, Stock in process,Finished Goods, Stores and spares not relating to Plant & Machinery (consumable stores & spares), Bills Receivable, Book Debts and all other movables at factory premises and godowns or elsewhere in India or in transit together with second charge on the entire Land and Building of the Holding Company's manufacturing units along with Plant and machinery, other Equipments, both present and future, situated there, on pari-passu basis with multiple Banks.

For Short-term borrowings obtained by Subsidiary

Secured by way of hypothecation of whole of the current assets of the firm namely stocks of raw materials, stock in process, finished goods, stores and spares not relating to plant & machinery (consumable stores & spares), bills receivable, book debts and all other movables at factory premises and godowns or elsewhere in India or in transit together with second charge on the entire Land and building of the Firm's manufacturing units along with plant and machinery, other equipments, both present and future, situated there, on pari-passu basis with multiple Banks.

Working capital borrowing from HDFC Bank Limited is repayable on demand and carries interest @ 7.50% and @9.00 % per annum by Holding Company and subsidiary respectively.

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METALMAN AUTO LIMITED

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18. Lease liabilities

	Non-current	Current
	As at 31 March 2023	As at 31 March 2023
At Amortised Cost		
Lease liabilities	20.35	15.32
	20.35	**15.32**

19. Provisions

	Non-current	Current
	As at 31 March 2023	As at 31 March 2023
Provision for employee benefits		
Provision for gratuity (refer note 34)	20.15	-
Provision for compensated absences	7.98	9.57
	28.13	**9.57**

21. Trade payables

	As at 31 March 2023
At amortised cost	
Trade payables	
- total outstanding dues of micro and small enterprises;	106.04
- total outstanding dues of creditors other than micro and small enterprises*	1,624.35
	1,730.39

* Includes payable to Related party (refer note 35)

Trade payables ageing schedule

Particulars	Outstanding as on 31 March 2023 from due date of payment					
	Not due	Upto 1 Year	1-2 Years	2-3 Years	More than 3 Years	Total
(i) MSME	75.91	30.11	0.02	-	-	106.04
(ii) Others	1,370.27	224.18	9.01	7.83	13.06	1,624.35
(iii) Disputed dues of MSME	-	-	-	-	-	-
(iv) Disputed dues of creditors other than MSME	-	-	-	-	-	-
Total	**1,446.18**	**254.29**	**9.03**	**7.83**	**13.06**	**1,730.39**

22. Other Financial Liabilities

	Current
	As at 31 March 2023
At amortised cost	
Interest accrued but not due on borrowings	14.15
Employee payables	69.57
Amount payable for property, plant and equipment	80.44
Other payable to related parties (refer note 35)	2.24
Derivative instruments at fair value through profit or loss:	
Foreign exchange forward contracts payable	7.35
	173.75

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20. Income Taxes

A. The major components of income tax expense are as under:

Statement of profit and loss:

(i) Profit and loss section

	Year ended 31 March 2023
Current tax	109.08
Taxation related to earlier years	(0.12)
Deferred tax charge/ (credit)	2.52
Income tax expense reported in the statement of profit and loss	**111.48**

(ii) Other comprehensive income (OCI)

	Year ended 31 March 2023
Deferred tax (charge)/ credit on remeasurements of defined benefit plans	(1.24)
Income tax charge /(credit) to OCI	**(1.24)**

B. Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate

	Year ended 31 March 2023
Accounting profit before income tax	**715.19**
At India's statutory income tax rate of 34.944%	249.92
Adjustments in respect of current income tax due to:	
Expenses not deductible for tax purposes	14.75
Tax impact of expenses/additional deductions allowable under Income Tax Act	(4.88)
Gain on remeasurement of previously held interest in acquiree as per Ind AS 103	(137.12)
MAT Credit entitlement recognized during the year	-
Taxation related to earlier years	(0.12)
Others	(11.06)
Income tax expense reported in the statement of profit and loss	**111.48**

C. Deferred tax

Deferred tax relates to the following:

		Balance sheet As at 31 March 2023
A	*Deferred tax assets on:*	
	-Expenses allowable on payment basis*	15.16
	- Provision for Expected credit loss on trade receivables	23.38
	-Others	3.71
B	*Deferred tax liabilities on:*	
	- differences in carrying value of property, plant and equipment and intangible assets between books of account and for tax purposes	(663.19)
	-Accounting of government grant as per Ind AS 20	(64.58)
C	-MAT credit entitlement	22.39
	Net deferred tax assets/ (liabilities) (A+B+C)	**(663.13)**

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*Includes Income tax on remeasurement of defined benefit plans (OCI).

Movement in deferred tax assets/ (liabilities)

Particulars	As at the beginning of the year	Addition on account of business combnation	Recognised in statement of profit and loss	Recognised in Other comprehensive Income	As at the end of the year
A. *Deferred tax assets on:*					
Brought forward losses and unabsorbed depreciation	-				-
-Expenses allowable on payment basis*	11.95	2.22	2.23	(1.24)	15.16
- Provision for Expected credit loss on trade receivables	20.75		2.63		23.38
-Others	3.89		(0.18)		3.71
B. *Deferred tax liabilities on:*					
- differences in carrying value of property, plant and equipment and intangible assets between books of account and for tax purposes	(338.81)	(336.60)	12.22		(663.19)
-Government grant as per Ind AS 20	(41.88)	(22.05)	(0.65)		(64.58)
C. MAT credit entitlement	41.16	-	(18.77)		22.39
Net deferred tax assets/ (liabilities) (A+B+C)	**(302.94)**	**(356.43)**	**(2.52)**	**(1.24)**	**(663.13)**

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23. Other liabilities

	Current
	As at 31 March 2023
Deferred liability on security deposit *	-
Advance from customers (contract liability)	142.51
Statutory dues payable	122.23
Deferred grant liability	17.29
	282.03

24. Current tax liabilities (net)

	As at 31 March 2023
Income tax provision (net of payments)	173.85
	173.85

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25. Revenue from operations

	Year ended 31 March 2023
Revenue from contracts with customers	
Sale of products	9,745.34
Sale of services	516.10
Other operating revenue:	
- Export incentives	14.50
- Revenue from solar power generation	8.49
- Scrap sales	219.48
	10,503.91

I Details of revenue from contracts with customers:

	Year ended 31 March 2023
Sale of goods	
Sale of automotive parts	9,745.34
Sale of services	516.10
	10,261.44

II Reconciliation of Revenue from sale of products with the contracted price

	Year ended 31 March 2023
Contracted Price	9,753.47
Less: Trade discounts, volume rebates, etc.	(8.13)
Sale of products	**9,745.34**

III Disaggregation of revenue from contracts with customers

(a) Geographical

Particulars	Year ended 31 March 2023
Revenue from customers within India	9,850.40
Revenue from customers based outside India	653.51
	10,503.91

(b) Timing of revenue recognition

Particulars	Year ended 31 March 2023
Revenue from goods/ services transferred to customers at a point in time	10,503.91
Revenue from goods/ services transferred to customers over time	-
	10,503.91

IV Trade receivable and contract balances

The Company classifies the right to consideration in exchange for deliverables as receivable. The balances of trade receivables and advance from customers at the beginning and end of the reporting period have been disclosed at note no. 10 and 23 respectively. The revenue of Nil has been recognised during the year ended March 31, 2023 against performance obligations satisfied (or partially satisfied) in previous periods.

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26. Other income

	Year ended 31 March 2023
Interest income	
- from banks	0.68
- from others	0.38
- on financial assets measured at amortised cost	0.29
Re-measurement of existing equity interest in acquiree (Refer note 48)	392.41
Net foreign exchange gain	3.54
Rental income	1.19
Subsidy received	10.79
Excess provision written back	1.74
Other income	12.00
	423.02

27. Cost of materials consumed

	Year ended 31 March 2023
Raw materials at the beginning of the year	481.70
Add: Addition on account of business combination	104.11
Add: Purchases	7,835.53
Less: Discount received	(5.98)
Less: Raw material at the end of the year	(554.87)
	7,860.49

Breakup of raw material consumed

	Year ended 31 March 2023
Bought out parts and assorted others	4483.59
Sheet	1961.29
Steel tubes	917.18
MS Round	25.8
Welding Material	162.06
Chemicals	310.57
	7860.49

28. Changes in inventories of finished goods and work-in-progress

		Year ended 31 March 2023
A	Inventories at the beginning of the year	
	Work-in-progress	47.61
	Finished goods	156.72
	Total inventories at the beginning of the year	**204.33**
B	Addition on account of business combination	
	Work-in-progress	35.45
	Finished goods	24.53
		59.98
C	Inventories at the end of the year	
	Work-in-progress	(129.79)
	Finished goods	(172.87)
	Total inventories at the end of the year	**(302.66)**
	Changes in inventories of finished goods and work-in-progress (A+B+C)	**(38.35)**

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(Amount in Rupees million, unless otherwise stated)

29. Employee benefits expense

	Year ended 31 March 2023
Salaries and wages	472.99
Contribution to provident and other funds (refer note 34)	27.73
Gratuity expense (refer note 34)	10.46
Staff welfare expenses	30.72
	541.90

30. Finance costs

	Year ended 31 March 2023
Interest expense	
- Interest on borrowings	133.37
- Interest on lease liabilities	3.29
Other borrowing costs	3.70
	140.36

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31. Depreciation and amortisation expense

	Year ended 31 March 2023
Depreciation of Property, plant and equipment (refer note 3)	277.19
Depreciation of Right of use assets (refer note 4)	15.99
Amortisation of Intangible assets (refer note 6)	2.29
	295.47

32. Other expenses

	Year ended 31 March 2023
Stores, spares and tools consumed	244.77
Power and fuel	243.92
Freight and cartage	125.85
Rent	0.60
Rates and taxes	19.93
Insurance charges	15.91
Repairs and maintenance	
- Plant and machinery	58.30
- Building	11.20
- Others	29.09
Travelling and conveyance	28.57
Professional fees and charges	20.17
Payment to auditors	0.66
Effect of re-constitution of subsidiary	32.11
Contribution towards corporate social responsibility	2.58
Allowance for expected credit loss	7.14
Balance written off	3.06
Net loss on sale and discard of property, plant and equipment	14.19
Labour charges	504.03
Donation and charity	0.03
Miscellaneous expenses	49.76
	1,411.87

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33. Earnings Per Equity Share (EPS)

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders of the Holding Company by the weighted average number of Equity shares outstanding during the year. Diluted EPS are calculated by dividing the profit for the year attributable to the equity holders of the Holding Company by weighted average number of Equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential Equity shares into Equity shares.

The following reflects the income and share data used in the basic and diluted EPS computations:

Particulars	Year ended 31 March 2023
(a) Net profit after tax attributable to the owners of the Holding Company (in Rs. million)	631.62
(b) Calculation of weighted average equity shares of Rs. 2 each	
Weighted average number of equity share s outstanding during the year (Nos)	2,719,174
Split shares subsequent to March 31, 2023 (refer note a below)	13,595,870
Bonus shares issue subsequent to March 31, 2023 (refer note a below)	67,979,350
Weighted average number of equity share for calculating Basic/ diluted EPS (Nos)	**81,575,220**
(c) Nominal value of equity shares (in Rs.)	2.00
(d) Basic/ diluted* earnings per share (in Rs.)	7.74

* There are no potential dilutive equity shares.

a. The members of the Company in its Extraordinary General Meeting (EGM) dated April 24, 2024 has approved the split of its equity share having face value of Rs. 10 each into a revised face value of Rs. 2 each. Further, in the aforesaid mentioned EGM, the members have also approved for issuance of bonus shares in the ratio of 5:1.

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34. Employee benefit expense

A. Defined contribution plans

Particulars	Year ended 31 March 2023
Provident fund	24.03
Employee state insurance	3.64
Welfare fund	0.06
Total	**27.73**

B. Defined benefit plans

In accordance with the Payment of Gratuity Act, 1972, the Company provides for gratuity, as defined benefit plan. The gratuity plan provides for a lump sum payment to the employees at the time of separation from the service on completion of vested year of employment i.e. five years. The liability of gratuity plan is provided based on actuarial valuation as at the end of each financial year. Future expected payments have been discounted adopting the Projected Unit Credit Method.

These plans typically expose the Company to actuarial risks such as investment risk, interest rate risk, longevity risk and salary risk.
(i) Investment risk
The probability or likelihood of occurrence of losses related to the expected return on investment. if the actual return on plan assets is below the expected return, it will create plan deficit.
(ii) Interest 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 value of the liability.
(iii) Longevity risk
The present value of defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants. An increase in the life expectancy of the plan participants will increase the plans liability.
(iv) Salary risk
The present value of defined benefit plan is calculated with the assumption of salary increase rate of plan participants in future.Deviation in rate of increase in 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.

Changes in the present value of the defined benefit obligation (DBO) are, as follows:

	As at 31 March 2023
Defined benefit obligation at the beginning of the year	75.76
Addition on account of business combination	19.76
Current service cost	9.54
Past service cost	(0.30)
Interest cost	5.41
Benefits paid	(2.01)
Actuarial (gain)/ loss on obligations	(3.48)
Defined benefit obligation at the end of the year	**104.69**

Changes in the fair value of plan assets are, as follows:

	As at 31 March 2023
Fair value of plan assets at the beginning of the year	55.38
Addition on account of business combination	27.08
Expected Interest Income on plan assets	4.20
Contribution by employer	7.13
Benefits paid	(2.01)
Acturial gain/(loss) on plan asset	0.08
Fair value of plan assets at the end of the year	**91.85**

Net asset/(liability) recognised in the Balance Sheet:

	As at 31 March 2023
Defined benefit obligation	104.69
Fair value of plan assets	91.85
Net asset/(liability) recognised in the Balance Sheet	**12.83**
Non-Current Provision of holding company	20.15
Other Current assets of subsidiary	7.32
	12.83

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34. Employee benefit plans (contd.)

Amount recognised in statement of profit and loss:

	Year ended 31 March 2023
Current service cost	9.54
Past service cost	(0.30)
Net Interest expense	1.22
Amount recognised in statement of profit and loss	**10.46**

Amount recognised in Other Comprehensive Income:

	Year ended 31 March 2023
Actuarial changes arising from changes in demographic assumptions	-
Actuarial changes arising from changes in financial assumptions	2.23
Return on plan assets (excluding amounts included in net interest expense)	0.08
Actuarial loss arising from experience adjustments	1.25
Amount recognised in Other Comprehensive Income/(Expense)	**3.56**

Gratuity plan assets

The Group has taken Group Gratuity Policy with Life Insurance Corporation of India (LIC).The Plan Assets are maintained by LIC.The detail of Plan Assets has not been furnished by LIC. Therefore information with respect to major categories of plan assets and percentage or amount that each category constitutes of the face value of the total plan assets has not been disclosed.

The principal assumptions used in determining gratuity liability for the Company's plans are shown below:

	As at 31 March 2023
Discount rate	7.35%
Expected rate of return on plan assets	6.86%
Future salary increases	10.00%
Attrition Rate (all ages)	15.00%
Retirement age	58
Inservice mortality	IALM (2012-14)

Salary growth rate

The salary growth rate usually consists of at least three components, viz. seniority, regular increments and promotional increase and price inflation.

A quantitative sensitivity analysis for significant assumption as at 31 March 2023 is as shown below:

Gratuity Plan

	As at 31 March 2023
Assumptions	
a) Impact of change in discount rate	
Impact due to increase of 1% - increase/ (decrease) in obligation	(5.72)
Impact due to decrease of 1% - increase/ (decrease) in obligation	6.45
b) Impact of change in salary	
Impact due to increase of 1% - increase/ (decrease) in obligation	5.84
Impact due to decrease of 1% - increase/ (decrease) in obligation	(5.31)

The sensitivity analyses above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting year. Sensitivities due to mortality and withdrawals are insignificant and hence ignored. Sensitivities as to rate of inflation, rate of increase of pensions in payments, rate of increase of pensions before retirement and life expectancy are not applicable being a lump sum benefit on retirement.

The expected maturity analysis of gratuity at undiscounted basis, is as follows:

	As at 31 March 2023
Within 1 year	19.04
2 to 5 years	47.00
6 to 10 years	36.87
More than 10 years	78.21
Total expected payments	**181.12**

The weighted average duration of the defined benefit plan obligation at the end of the reporting period is 8.65 years.

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35. Related party disclosures

A. List of related parties

(a) Subsidiary
Metalman Micro Turner (w.e.f. March 29, 2023)

(b) Associate
Metalman Micro Turner (upto March 28, 2023)

(c) Entities on which Key Management Personnel (KMP) have significant influence
Navneet Jairath & Sons (HUF)
Bikramjit Bembi & Sons (HUF)
National Industries
MMT Autocomp
Campbell International
Avid Ventures
Insightful Systems Pvt Ltd
Jade Ventures

(d) KMPs are managing trustee of Charitable trust
Metalman Charitable Trust

(e) Post Employment Benefit Trust
Metalman Auto Private Limited Employees Group Gratuity Assurance Fund, Ludhiana (PB) - Inopeartive
Metalman Auto Private Limited Employees Group Gratuity cum-life Assurance (Cash accumulation scheme), Pithampur (MP)

(f) Key Managerial Personnel

Navneet Jairath	Managing Director
Bikramjit Bembi	Chairman
Sachin Bembi	Whole time Director
Nishant Jairath	Whole time Director
Shrikant Gulabchand Mundada	Whole time Director
Satish Kumar Pandey (upto January 15, 2024)	Whole time Director
Anoop Kumar Gwal (upto February 2, 2024)	Whole time Director
Sushil Kumar Singh (w.e.f. January 15, 2024)	Independent Director
Rajnish Magan (w.e.f. February 23, 2024)	Independent Director
Ajay Kumar Dubey (w.e.f. June 27, 2024)	Chief Financial Officer
Tarun Kumar (w.e.f. June 27, 2024)	Company Secretary

(g) Relative of KMP
Navita Jairath
Savita Bembi
Nisha Jairath
Sonia Bembi
Gunjan Jairath
Nitasha Bembi
Reema Chadha

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35. Related party disclosures (contd.)

B. The following transactions were carried out with related parties in the ordinary course of business:-

Nature of transactions	Associate	Entities on which KMP have significant influence	Key Managerial Personnel^	Relatives of KMP	Post Employment Benefit Trust
Sale of goods					
Metalman Micro Turners	0.47	-	-	-	-
MMT Autocomp	-	2.16	-	-	-
National Industries	-	1.90	-	-	-
Purchase of goods					
Metalman Micro Turners	0.07	-	-	-	-
MMT Autocomp	-	21.62	-	-	-
National Industries	-	293.80	-	-	-
Services received					
National Industries	-	0.02	-	-	-
Insightful Systems Pvt. Ltd.	-	0.91	-	-	-
Jade Ventures	-	0.65	-	-	-
Service Given					
Metalman Micro Turners	12.64	-			
Purchase of Capital goods					
National Industries	-	0.22	-	-	-
Campbell International	-	0.57	-	-	-
Insightful Systems Pvt. Ltd.	-	0.60	-	-	-
Rent Paid					
National Industries	-	3.72	-	-	-
Rent Received					
Metalman Micro Turners	1.19	-	-	-	-
Reimbursment of exps*					
Metalman Micro Turners	0.24	-	-	-	-
Campbell International	-	1.14	-	-	-
National Industries	-	8.50	-	-	-
Avid Ventures	-	8.10	-	-	-
Jade Venture	-	0.17	-	-	-
Director Remuneration(Including reimbursement)*	-	-	14.00	-	-
Bikramjeet Bembi	-	-	14.06	-	-
Nishant Jairath	-	-	9.96	-	-
Sachin Bembi	-	-	13.59		-
Anoop Kumar Gwal	-	-	2.83	-	-
Satish Pandey	-	-	2.56	-	-
Shrikant Gulabchand Mundada	-	-	14.13	-	-

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Loan taken during the year					
Navneet Jairath	-	-	5.74	-	-
Nishant Jairath	-	-	2.17	-	-
Bikramjeet Bembi	-	-	5.35	-	-
Sachin Bembi	-	-	3.85	-	-
Navita Jairath	-	-	-	0.36	-
Gunjan Jairath	-	-	-	0.20	-
Nisha Jairath	-	-	-	0.34	-
Savita Bembi	-	-	-	0.01	-
Nitasha Bembi	-	-	-	0.44	-
Sonia Bembi	-	-	-	0.60	-
Loan repaid during the year					
Bikramjeet Bembi	-	-	5.00	-	-
Sachin Bembi	-	-	7.36	-	-
Nishant Jairath	-	-	1.50	-	-
Reema Chadha	-	-	-	0.01	-
Interest Expenses					
Navneet Jairath	-	-	0.82	-	-
Bikramjeet Bembi	-	-	0.39	-	-
Nishant Jairath	-	-	0.19	-	-
Sachin Bembi	-	-	0.47	-	
Gunjan Jairath	-	-	-	0.24	-
Navita Jairath	-	-	-	0.40	-
Nisha Jairath	-	-	-	0.49	-
Nitasha Bembi	-	-	-	0.49	-
Savita Bembi	-		-	0.01	-
Sonia Bembi	-	-		0.67	-
Reema Chadha	-	-	-	0.08	-
Contribution to trust towards post employment benefits	-	-	-	-	7.13

* Managerial remuneration does not include gratuity and compensated absences as these are provided in the books of accounts on the basis of actuarial valuation for the Company as a whole and individual amount cannot be determined.

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35. Related party disclosures (contd.)

C. Balances receivable from/ payable to related parties:

Nature of balance outstanding and name of related party	Associate	Entities on which KMP have significant influence	Key Managerial Personnel*	Relatives of KMP
Trade receivable				
Jade Ventures	-	0.17	-	-
MMT Autocomp	-	25.59	-	-
Trade payable				
MMT Autocomp	-	4.15	-	-
National Industries	-	76.57	-	-
Insightful Systems Private Limited	-	0.55	-	-
Jade Ventures	-	0.62	-	-
Loans outstanding				
Navneet Jairath	-	-	17.40	-
Bikramjeet Bembi	-	-	10.00	-
Nishant Jairath	-	-	3.65	-
Sachin Bembi	-	-	4.53	-
Gunjan Jairath	-	-	-	3.43
Navita Jairath	-	-	-	6.12
Nisha Jairath	-	-	-	7.37
Nitasha Bembi	-	-	-	7.50
Savita Bembi	-	-	-	0.11
Sonia Bembi	-	-	-	10.20
Reema Chadha	-	-	-	0.70
Director Remuneration Payable				
Navneet Jairath	-	-	0.76	-
Bikramjeet Bembi	-	-	0.53	-
Sachin Bembi	-	-	0.06	-
Nishant Jairath	-	-	-	-
Satish Pandey	-	-	0.17	-
Anoop Kumar Gwal	-	-	0.17	-
Shrikant Gulabchand Mundada	-	-	0.55	
Guarantee provided against vehicle loan of subsidiary				
Nishant Jairath	-	-	0.90	-
				-

D. Terms

All transactions and outstanding balances with these related parties are disclosed at undiscounted values, are priced on at arm's length basis and are to be settled within the credit period allowed as per the policy. All related parties balances are unsecured and considered good.

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36. Segment information

The Group deals in only one business segment of manufacturing and sale of autoparts and ancillary equipments and the chief operating decision maker (CODM) reviews the operations of the Group as a whole, hence there is no reportable segments as per Ind AS 108 "Operating Segments". The management considers that the various goods and services provided by the Group constitutes single business segment, since the risk and rewards from these services are not different from one another. Most of the activities are revolving around this business and accordingly has only one reportable segment.

Entity wide disclosure details as per Ind AS 108 on operating segments are given below-

a) Revenue from external customers based on the geographical locations of the customers

Particulars	Year ended 31 March 2023
Within India	9,850.40
Outside India	653.51
Total Revenue	**10,503.91**

There are no material non-current assets domicilied outside India.

There are no major individual customer whose revenue exceeds more 10% of the Group's revenue.

b) Revenue from Countries having 10% and more share in total export revenue

Romania	45%
Italy	23%
Germany	18%
United State of America - USA	5%
Rest of the world	9%
Total Export Turnover	**100%**

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37. Leases:

Group as lessee

The following is the break-up of current and non-current lease liabilities

Particulars	As at 31 March 2023
Non-current lease liabilities	20.35
Current lease liabilities	15.32
Total	**35.67**

The following is the movement in lease liabilities during the year:

Particulars	As at 31 March 2023
Balance at the beginning of the year	42.67
Additions	7.52
Finance cost accrued during the year	3.29
Payment of lease liabilities	(17.80)
Balance at the end of the year	**35.67**

The weighted average incremental borrowing rate applied to lease liabilities of group is 8% per annum.

The table below provides details regarding the contractual maturities of lease liabilities as at 31 March 2023 on an undiscounted basis.

	As at 31 March 2023
Not later than one year	13.95
Later than one year and not later than five years	27.13
Later than five years	-
	41.08

Rental expense recorded for short-term leases was Rs. 0.60 million for the year ended 31 March 2023.

Group as lessor

The Company has given on lease building under operating lease. The rental income recorded for the year ended March 31, 2023 is 1.19 million.

38. Commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) are Rs. 78.29 million.

39. Contingent Liabilities

(a)

	As at 31 March 2023
Contingent Liabilities not provided for in respect of :	
(I) Claims not acknowleded as debts	
(a) PF Act	0.10
(b) Workmen Compensation Act	2.33
(c) CGST Act	0.18
(d) Bank guarantee issued in favour of others	2.57

Note: The various matters other than bank guarantee are subject to legal proceedings in the ordinary course of business. The legal proceeding when ultimately concluded will not, in the opinion of management, have a material effect on the result of operations or the financial position of the group.

*Additional demand of Rs. 0.10 million raised under the provisions of Employees Provident Fund & Micellaneous Provisions Act 1952 has been contested with the appropriate authorities on the basis of advice to the company that said demand is not in accordance with the law , no provision has been made in the books of account .

(b) There has been a Supreme Court (SC) judgement dated February 28, 2019, relating to components of salary structure that need to be taken into account while computing the contribution to provident fund under the EPF Act. There are interpretative aspects related to the Judgement including the effective date of application. Pending decision on the subject review petition and directions from the EPFO, the impact for the past period, if any, was not ascertainable and consequently no effect was given in the books of account.

(c) The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post- employment benefits has been notified in the Official Gazette on September 29, 2020. The draft rules have been released on November 13, 2020 and suggestions have been invited from stakeholders which are under consideration by the Ministry. The impact of the change will be assessed and accounted in the period in which said rules are notified for implementation.

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40. Dues to Micro and Small Enterprises

The dues to Micro and Small Enterprises as required under the Micro, Small and Medium Enterprises Development Act, 2006 to the extent information available with the Group is given below:

	Particulars	As at 31 March 2023
(I)	The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year:	
	Principal amount due to micro and small enterprises	106.04
	Interest due on above	0.53
(II)	The amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	-
(III)	The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the period) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006	-
(IV)	The amount of interest accrued and remaining unpaid at the end of each accounting year	0.53
(V)	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	-

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41. Financial Instrument Classification and Fair values measurements

(i) Financial Instruments by category

Particulars	As at 31 March 2023	
	FVTPL	**Amortised cost**
Financial assets		
Other financial assets (non current)	-	52.13
Trade receivables	-	1,964.42
Cash and cash equivalents	-	177.25
Bank balances other than cash and cash equivalent	-	11.92
Loans (current)	-	0.86
Other financial assets (current)	-	235.15
Total financial assets	**-**	**2,441.73**
Financial liabilities		
Borrowings (non-current)	-	1,909.78
Lease liabilities	-	35.67
Borrowings (current)	-	1,196.67
Trade payables (current)	-	1,730.39
Other financial liabilities (current)	7.35	166.40
Total financial liabilities	**7.35**	**5,038.91**

For cash and cash equivalents, trade receivables, loans other financial assets, short term borrowings, trade payables and other current financial liabilities the management assessed that they approximate their carrying amounts largely due to the short-term maturities of these instruments.

(ii) Fair value hierarchy

All financial instruments for which fair value is recognised or disclosed are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurements as a whole.

Level 1 : quoted (unadjusted) prices in active markets for identical assets or liabilities.
Level 2 : valuation techniques for which the lowest level inputs that has a significant effect on the fair value measurement are observable, either directly or indirectly.

Level 3 : valuation techniques for which the lowest level input which has a significant effect on fair value measurement is not based on observable market data.

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities

Year ended 31 March 2023

	Total	Fair value measurement using		
		Quoted prices in active markets (Level 1)	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
Financial liabilities				
Derivative financial instrument	7.35	-	-	7.35

42. Financial risk management objectives and policies

The Group's principal financial liabilities, comprise borrowings, trade payables and capital creditors. The Group's principal financial assets include long term deposits, trade receivables, cash and short-term deposits that derive directly from its operations

The Group is exposed to market risk, credit risk and liquidity risk. The Group's senior management oversees the management of these risks. The Group's senior management is supported by the Board of Directors that advises on financial risks and the appropriate financial risk governance framework for the Group. The board provides assurance that the Group's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Group's policies and risk objectives. The management reviews and agrees policies for managing each of these risks, which are summarised below.

I. Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risks, such as equity price risk and commodity risk. Financial instruments affected by market risk include, deposits.

The sensitivity analyses of the above mentioned risk in the following sections relate to the position as at 31 March 2023.

The analysis exclude the impact of movements in market variables on: the carrying values of gratuity and other post-retirement obligations; provisions; and the non-financial assets and liabilities.

The following assumptions have been made in calculating the sensitivity analysis:

- The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at 31 March 2023.

A. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's debt obligations with floating interest rates.

	Increase/ decrease in basis points	Effect on profit before tax (decrease)/increase
		Rs. Million
31 March 2023		
INR	+50	(15.08)
INR	-50	15.08

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment, showing a significantly higher volatility than in prior year.

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42. Financial risk management objectives and policies (contd.)

B. Foreign currency sensitivity

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a foreign currency).

The Group exposure to foreign currency risk at the end of the reporting period expressed in INR, are as follows:

	31 March 2023	
	Amount in FC	Amount in Rs.
Trade receivables		
EUR	365,486.17	32.66
USD	734,244.26	60.33
Trade payables		
EUR	86,740.30	7.75
USD	3,336.59	0.27
Borrowings		
EUR	245,220.45	21.92
USD	557,680.95	45.83
Payable for property, plant and equipment		
GBP	27,500	2.80

	31 March 2023	
	Gain/(loss) impact on profit before tax	
	Change +1%	Change -1%
Trade receivables		
EUR	0.33	(0.33)
USD	0.60	(0.60)
Trade payables		
EUR	0.08	(0.08)
USD	0.00	(0.00)
GBP	-	-
Borrowings		
EUR	0.22	(0.22)
USD	0.46	(0.46)
Payable for property, plant and equipment		
EUR	-	-
GBP	0.03	(0.03)

II. Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions.

Credit risk from investments with banks and other financial institutions is managed by the treasury functions in accordance with the management policies. Investments of surplus funds are only made with approved counterparties who meet the appropriate rating and/or other criteria, and are only made within approved limits. The management continually re-assess the Group's policy and update as required. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty failure.

The maximum credit risk exposure relating to financial assets is represented by the carrying value as at the Balance Sheet date as disclosed in note 41

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A. Trade receivables

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit review and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored.

At the years end the Group does not have any significant concentrations of bad debt risk other than disclosed in Note 10

An impairment analysis is performed at each reporting date on an individual basis for major customers. The calculation is based on historical credit loss experience and adjustment for forward looking information. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 41. The Group does not hold collateral as security. The Group evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and operate in largely independent markets.

The movement in allowance for expected credit loss in respect of credit risk of trade receivable have been disclosed in Foot Note to Note No. 10

II. Credit risk (contd.)

B. Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Group's treasury department in accordance with the Group's policy. Investments of surplus funds are made only with approved counterparties.

III. Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts.
The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments.

	Less than 12 months	1 to 5 years	> 5 years	Total
As at				
31 March 2023				
Borrowings	1,196.67	1,521.65	388.13	3,106.45
Lease liabilities	15.32	20.35	-	35.67
Trade payables	1,730.39	-	-	1,730.39
Other financial liabilities (current)	173.75	-	-	173.75
	3,116.13	**1,542.00**	**388.13**	**5,046.26**

IV. Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry. The Group is a manufacturer of float glass, mirror and other value added glass and the management have assessed risk concentration as low.

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43 . Capital Management

The objective of the Group's capital management structure is to ensure that there remains sufficient liquidity within the Group to carry out committed work programme requirements. The Group monitors the long term cash flow requirements of the business in order to assess the requirement for changes to the capital structure to meet that objective and to maintain flexibility.

The Group manages its capital structure and makes adjustments to it, in light of changes to economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital, issue new shares for cash, repay debt, put in place new debt facilities or undertake other such restructuring activities as appropriate. No changes were made in the objectives, policies or processes during the year ended 31 March 2023.

The Group monitors its capital using the ratio of net debt to equity which is as below:

Particulars	As at 31 March 2023
Borrowing #	3,106.45
Less: Cash and bank balances *	(191.72)
Net debts (A)	**2,914.73**
Total equity	**2,853.20**
Total net debt and equity (B)	**5,767.93**
Gearing ratio (%) (A/B)	**50.53%**

Borrowings does not include lease liabilities.
* This includes non-current deposits with banks.

The Group is not subject to any externally imposed capital requirements

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44. Additional information required by Schedule III

Name of the entity in the group		Net assets (total assets minus total liabilities)		Share in profit or (loss)		Share in other comprehensive income		Share in total compressive income	
		As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount	As % of consolidated other comprehensive income	Amount	As % of consolidated total comprehensive income	Amount
Parent									
Metalman Auto Limited									
	Mar-23	86.42%	2,465.71	33.56%	211.81	93.93%	2.32	33.80%	214.13
Subsidiary									
Metalman Micro Turners									
	Mar-23	33.06%	943.40	-3.98%	(25.12)	0.10%	0.00	-3.96%	(25.11)
Associates (Investment as per equity method)									
Metalman Micro Turners									
	Mar-23	0.00%	-	4.34%	27.40	6.07%	0.15	4.35%	27.55
Non-controlling interest									
Metalman Micro Turners									
	Mar-23	1.21%	34.55	-0.08%	(0.51)	0.00%	(0.00)	-0.08%	(0.51)
Adjustment due to consolidation									
	Mar-23	-20.69%	-590.46	66.16%	417.53	-0.10%	(0.00)	65.90%	417.53
Total									
	Mar-23	100%	2,853.20	100%	631.11	100%	2.47	100%	633.58

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45 Business Combination

During the financial year 2022-23, the Holding Company has increased its stake in the existing associate partnership firm namely "Metalman Micro Turners" from 50% to 98%. Due to this entity has become the subsidiary of the Holding Company w.e.f. March 29, 2023. This entity is engaged in the business of manufacturing of auto parts of 4 wheelers and 2 wheelers.

Assets acquired and liabilities assumed: The fair values of the identifiable assets and liabilities in acquired in the business combination on the date of acquisition were as follows:

Particulars	Amount (in Rs. million)
Property, plant and equipment including, Right of use assets and CWIP	2,418.69
Goodwill *	23.57
Inventories	183.68
Trade receivables including contract assets	732.64
Cash and bank balance	63.09
Others financial assets	38.27
Others current assets	203.08
Borrowings	(483.11)
Trade payable	(701.47)
Other current liabilities	(161.32)
Other financial liabilities	(20.92)
Current tax liabilities	(186.71)
Deferred tax liabilities	(79.89)
Deferred tax liabilities on fair valuation impact	(276.53)
Identifiable net assets acquired at fair value	**1,753.07**
Share acquired	841.47
Fair value of consideration paid	997.80
Goodwill / (Capital reserve)	**156.33**
Non-controlling interest on account of above business combination	**35.06**

Particulars	Amount (in Rs. million)
Goodwill purchased by the partnership firm in the FY 2018-19	23.57
Goodwill recognised on account of above transactions	156.33
Total	**179.90**

*The above Goodwill is checked for impairment teasting on as annual basis.

As per Ind AS 103, in a business combination achieved in stages, the acquirer shall remeasure its previously held equity interest in the acquiree at its acquisition-date fair value and recognise the resulting gain or loss, if any, in profit or loss or other comprehensive income, as appropriate. Accordingly, the Company has recognised Rs. 392.41 million in other income in Statement of Profit and Loss.

The re-measurement to fair value of existing equity interest in acquiree in business combination are as follows-

Particulars	Amount (in Rs. million)
Investment value of existing interest	484.12
Company share of Identifiable net assets acquired at fair value	876.53
Re-measurement (gain)/loss	**(392.41)**

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46. First time adoption of Ind AS

Reconciliation between Indian GAAP financial statements and Special purpose financial statements for differences in the values on account of adjustments for the accounting policies, including the accounting policy choices (both mandatory exceptions and optional exemptions) availed as per Ind AS 101, that have been adopted by the Company at the date of transition to Ind AS i.e. April 01, 2022 for the first statutory Ind AS financial statements prepared by the Company for the financial year ended March 31, 2024

I. Reconciliation of total equity

Particulars	Notes	31 March 2023
Other equity and Non-controlling interest as per Indian GAAP financial statements		**2,398.54**
Adjustments:		
- Accounting for operating lease as per Ind AS 116	Note 1, 2	-11.71
- Measurement of certain financial assets at amortised cost	Note 2	1.09
- Provision for Expected credit loss on trade receivables	Note 3	(66.91)
- Change in Accounting policy of government grant recognised on accrual basis as per Ind AS 20	Note 4	121.71
- Change in share of profit from associate	Note 8	-39.47
- Re-measurement of existing equity interest in associate entity	Note 9	392.41
- Re-measurement of Non-controlling interest	Note 9	32.86
- Deferred tax impacts	Note 7	(2.50)
Total adjustments		**427.47**
Other equity and Non-controlling interest as per Special purpose financial statements		**2,826.01**

II. Reconciliation of Profit and other comprehensive income

Particulars	Notes	31 March 2023
Profit as per Indian GAAP financial statements		**287.98**
Adjustments:		
- Accounting for operating lease as per Ind AS 116	Note 1	0.23
- Measurement of certain financial assets at amortised cost	Note 2	0.29
- Provision for Expected credit loss on trade receivables	Note 3	-7.53
- Change in Accounting policy of government grant recognised on accrual basis as per Ind AS 20	Note 4	10.79
- Remeasurement of defined benefit obligations reclassified to Other comprehensive income (OCI)	Note 5	-3.56
- Change in share of profit from associate	Note 8	-53.53
- Fair value gain on re-measurement of previously held interest in associate entity as per Ind AS 103	Note 9	392.41
- Deferred tax impacts	Note 7	4.03
Total adjustments		**343.13**
Profit as per Special purpose financial statements		**631.11**
Other comprehensive income (OCI)		
OCI as per Indian GAAP financial statements		-
Adjustments:		
- Remeasurement of defined benefit obligations reclassified to Other comprehensive income (OCI)	Note 5	3.56
- Deferred tax impacts on above adjustment	Note 7	-1.24
- Share of other comprehensive income in associate	Note 8	0.15
Total adjustments		**2.47**
OCI as per Special purpose financial statements		**2.47**

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III. Reconciliation of assets and liabilities between Indian GAAP financial statements and Special purpose financial statements:

Particulars	Note to Reconciliation	As at 31 March 2023		
		As per Indian GAAP financial statements	Adjustments	As per Special Purpose financial statements
Assets				
Non-current assets				
Property, plant and equipment	Note 1, 9	3,875.48	554.85	4,430.33
Right of use assets	Note 1, 2, 9	0.02	589.39	589.41
Capital work-in-progress		86.85	-	86.85
Goodwill	Note 9	499.20	-319.30	179.90
Intangible assets		27.71	-0.29	27.42
Financial assets				
i) Investments	Note 8	-	-	-
ii) Other financial assets	Note 2	52.67	-0.54	52.13
Other non-current assets		151.52	-	151.52
Total non- current assets		**4,693.46**	**824.10**	**5,517.56**
Current assets				
Inventories		950.77	-	950.77
Financial assets:				
i) Trade receivables	Note 3	2,031.33	-66.91	1,964.42
ii) Cash and cash equivalents		177.25	-	177.25
iii) Bank balances other than cash and cash equivalents		11.92	-	11.92
iv) Loans		0.86	-	0.86
v) Other financial assets	Note 4	67.03	168.12	235.15
Other current assets		198.24	-	198.24
Total current assets		**3,437.40**	**101.21**	**3,538.61**
Total Assets		**8,130.85**	**925.32**	**9,056.17**
Equity and Liabilities				
Equity				
Equity share capital		37.19		[illegible]
Other equity	Note 1 to 9	[illegible]	[illegible]	[illegible]
Equity attributable to owners of the Company		2,424.04	394.61	2,818.65
Non-controlling interest	Note 9	1.69	32.86	34.55
Total equity		**2,425.73**	**427.47**	**2,853.20**
Liabilities				
Non-current liabilities				
Financial liabilities:				
i) Borrowings		1,909.78	-	1,909.78
ii) Lease liabilities	Note 1	-	20.35	20.35
Provisions		28.13	-	28.13
Deferred tax liabilities (net)	Note 7	341.05	322.08	663.13
Total non-current liabilities		**2,278.96**	**342.43**	**2,621.39**
Current liabilities				
Financial liabilities:				
i) Borrowings		1,196.67	-	1,196.67
ii) Lease liabilities	Note 1	-	15.32	15.32
iii) Trade payables				
- total outstanding dues of micro and small enterprises		106.04	-	106.04
- total outstanding dues of creditors other than micro and small enterprises		1,624.35	-	1,624.35
iv) Other financial liabilities		173.75	-	173.75
Other current liabilities	Note 4	264.74	17.29	282.03
Provisions		9.57	-	9.57
Current tax liabilities (net)		51.04	122.81	173.85
Total current liabilities		**3,426.16**	**155.42**	**3,581.58**
Total Equity and Liabilities		**8,130.85**	**925.32**	**9,056.17**

Note: The figures as per Indian GAAP financial statements have been reclassified to confirm to presentation requirements of Division II of Schedule III of Companies Act, 2013.

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METALMAN AUTO LIMITED

Metalman Auto Limited
(Formerly as Metalman Auto Private Limited)
(CIN: U34103DL1986PLC305213)
Notes to Special Purpose Consolidated Financial Statements for the Year ended March 31, 2023
(Amount in Rupees million, unless otherwise stated)

IV. Reconciliation of the income and expenses between Indian GAAP financial statements and Special purpose financial statements:

Particulars		Note to Reconciliation	As at 31 March 2023		
			As per Indian GAAP financial statements	Adjustments	As per Special Purpose financial statements
I.	**Income**				
	Revenue from operations	Note 6	10,512.04	-8.13	10,503.91
	Other income	Note 2, 4	19.53	403.49	423.02
	Total Income		**10,531.57**	**395.36**	**10,926.93**
II.	**Expenses**				
	Cost of materials consumed		7,860.49	-	7,860.49
	Changes in inventories of finished goods and work-in-progress		-38.35	-	-38.35
	Employee benefits expense	Note 5	538.34	3.56	541.90
	Finance costs	Note 1	137.07	3.29	140.36
	Depreciation and amortisation expense	Note 1	281.19	14.28	295.47
	Other expenses	Note 1, 3	1,430.27	-18.40	1,411.87
	Total expenses		**10,209.01**	**2.73**	**10,211.74**
III	**Profit before share of net profits of associate and tax (I-II)**		322.56	392.63	715.19
IV.	Share of net profit of associate	Note 8	80.93	-53.53	27.40
V.	**Profit before tax (III+IV)**		403.49	339.10	742.59
VI.	**Tax expense:**				
	Current tax		109.08	-	109.08
	Taxation related to earlier years		-0.12	-	-0.12
	Deferred tax charge/(benefits)	Note 7	6.55	-4.03	2.52
	Total tax expenses		**115.51**	**-4.03**	**111.48**
VII.	**Profit for the year (V+VI)**		**287.98**	**343.13**	**631.11**
VIII.	**Other Comprehensive Income**				
	Items that will not be reclassified to profit or loss in subsequent period				
	Re-measurement (loss)/gain on defined benefit plans	Note 5	-	3.56	3.56
	Income tax effect	Note 7	-	-1.24	-1.24
	Share of other comprehensive income in associate	Note 8	-	0.15	0.15
	Total other comprehensive income for the year, net of tax		-	**2.47**	**2.47**
IX.	**Total comprehensive income for the year, net of tax (VII+VIII)**		**287.98**	**345.60**	**633.58**

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Notes to the Reconciliations between Indian GAAP financial statements and Special purpose financial statements

Note – 1

Accounting for leases as per Ind AS 116

Under the Indian GAAP, the operating lease rentals were recognised as expenses in the statement of profit and loss. However, as per the accounting policies adopted as on transition date as set out in note 2.1 of the Special purpose financial statements, the Company needs to recognise a right-of use asset and a lease liability at the initial cost paid and present value of future lease payments at that date against certain leases. Subsequently, the asset is amortized over lease period. Tthe carrying amount of lease liability is increased to reflect interest on the lease liability and is reduced to reflect the lease payments made during the year. This has also resulted in reclassification of leasehold land from property plant and equipment to Right-of-use asset.

Note – 2

Measurement of certain financial assets at amortised cost

Under the Indian GAAP, interest free lease security deposits (that are refundable in cash on completion of the lease term) were recorded at their transaction value. Under the accounting policies adopted as on transition date as set out in note 2.1 of the Special purpose financial statements, such financial assets are required to be recognised at amortized cost. Accordingly, the Company has recognized such security deposits at amortized cost and difference has been recognised as right of use asset. Further, unwinding of interest on such security deposits has been recognized in Other Income

Note – 3

Provision for expected credit loss on trade receivables

Under Indian GAAP, the company created provision for impairment of receivables consists only in respect of specific amount for incurred losses. Under the accounting policies adopted as on transition date as set out in note 2.1 of the Special purpose financial statements, impairment allowance has been determined based on Expected Credit Loss model (ECL).

Note – 4

Accounting of government grant as per Ind AS 20

Under Indian GAAP, subsidies received by the Company were considered in the nature of Promoter's contribution and directly credited to the Capital Reserve and were not routed through the Statement of Profit and Loss. However, under the accounting policies adopted as on transition date as set out in note 2.1 of the Special purpose financial statements, Government grants are routed through the Statement of Profit and Loss when the attached conditions are complied with and when there is reasonable assurance that the grant will be received. For grant related to assets, the cost of the asset is shown at gross value and grant thereon is treated as deferred income which is recognized as income in Statement of Profit and Loss over the period and in proportion in which depreciation is charged. For grant with no related costs is recognised in the Statement of profit or loss is recognized as income on a systematic basis.

Note – 5

Remeasurement of defined benefit obligations reclassified to Other comprehensive income (OCI)

Under Indian GAAP, the entire cost, including actuarial gains and losses, related to its post-employment defined benefit plan are charged to profit or loss. Under the accounting policies adopted as on transition date as set out in note 2.1 of the Special purpose financial statements, remeasurements comprising of actuarial gains and losses are recognised immediately in the balance sheet with a corresponding debit or credit to Other Equity through OCI.

Note – 6

Revenue from operations

Under Indian GAAP, cash discounts and other discounts directly attributable to sales was recognised as part of other expenses which has been adjusted against the revenue under the accounting policies adopted as on transition date as set out in note 2.1 of the Special purpose financial statements.

Note – 7

Deferred tax

The transitional adjustments has lead to new temporary differences. This has resulted in recognition of deferred tax on temporary differences which was not required under previous GAAP.

Note – 8

Accounting of Share of associate

Due to Ind AS adoption by associate entity resulting into change in share of profit

Note – 9

Accounting of business combination as per Ind AS 103

During the financial year 2022-23, the Company has increased its stake in the existing associate partnership firm namely "Metalman Micro Turners" from 50% to 98%. Due to this entity has become the subsidiary of the Company w.e.f. March 29, 2023 and accordingly as per Ind AS 103, the Company has remeasured its previously held interest and Non-controlling interest at fair value on acquisition date and recognised the resulting gain or loss in statement of profit or loss.

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47A Interest in other entities

The Associate/Subsidiary i.e. Metalman Micro Turners, a partnership firm, domiciled in India was incorporated on 3rd March 2010 and is engaged in the manufacturing and selling of Auto Parts. The Company held 50% share in the said entity till 28th March, 2023 which was increased to 98% w.e.f. 29th March 2023.

Accordingly, the financial statements/ financial information of the aforesaid entity have been included in the Special purpose consolidated financial statements as at and for the year ended 31st March 2023 as below:

(i) As an associate- For the period from April 1, 2022 to March 28, 2023
(ii) As a subsidiary- For the period from March 29, 2023 to March 31, 2023

47B. Summarised Financial Information of Subsidiary

Particulars	As at
	31st March, 2023
I. Assets	
(A) Non Current Assets	1,392.64
(B) Current Assets	
i) Cash and cash equivalent	0.60
ii) Others	1,067.85
Total Current Assets	1,068.45
Total Assets (A+B)	2,461.10
II. Liabilities	
(A) Non Current Liabilities	
i) Financial Liabilities	
A. Borrowings	180.00
B. Other financial liabilities	-
ii) Other Liabilities (including provisions)	79.46
Total Non Current Liabilities	259.46
(B) Current Liabilities	
i) Financial Liabilities	
A. Borrowings	277.60
B. Trade Payables	697.20
C. Other financial liabilities	31.37
ii) Other Liabilities (including provisions)	252.05
Total Current Liabilities	1,258.22
Total Liabilities (A+B)	1,517.68
III. Net Assets (including non controlling interest)((I-II)	943.42
IV. Contingent liabilities and Commitments	
Contingent liabilities	0.57
Capital commitment	27.19

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47C. Summarised Performance of Associate/Subsidiary

Particulars	Year ended
	31st March, 2023
I. Summarised performance of Associate/Subsidiary	
(i) Revenue from operations	4,967.52
(ii) Profit before Tax	215.66
(iii) Profit after Tax	29.17
(iv) Other comprehensive Income	0.30
(v) Total comprehensive Income	29.47
II. Other information	
(i) Depreciation & amortisation expense	144.41
(ii) Interest income	2.06
(iii) Interest expense	39.84
(iv) Tax expense	186.49

47D. Movement of Investment in Associate accounted for using the equity method

Particulars	Year ended
	31st March, 2023
Investment (including profit till date) at the beginning of the year	456.58
Add: Share of profit for the period	27.40
Add: Share of other comrehensive income for the period	0.15
Add: Adjustment on account of conversion of associate into subsidiary	(484.13)
Investment (including profit till date) at the end of the year	-

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(Amount in Rupees million, unless otherwise stated)

48. Other statutory information:

(i) No proceedings have been initiated or are pending against the Group for holding any Benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and the rules made thereunder.

(ii) None of the group entity has not been declared a wilful defaulter by any bank or financial Institution or other lender.

(iii) Utilisation of Borrowed funds and share premium:

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

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

(b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

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

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

(b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries,

(iv) The Group has not traded or invested in crypto currency or virtual currency during the financial period.

(v) No significant subsequent events other thas as disclosed in note 33 -"Earning per equity share", have been observed which may require an adjustments to the consolidated financial statements.

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

(vii) The Group has used the borrowings from banks for the specific purpose for which it was taken at the balance sheet date.

(viii) The company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses.

(ix) The Group does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.

In terms of our report of even date
For KC Khanna & Co.
Chartered Accountants
FRN 000481N

Nitin K Jain
Partner
Membership No.: 083084
Place: Delhi
Date: July, 11 2024

K.C. KHANNA & CO. FRN:000481N NEW DELHI CHARTERED ACCOUNTANTS

For and on behalf of the Board of Directors of
Metalman Auto Limited

Navneet Jairath
Managing Director
DIN: 01620652

Bikramjit Bembi
Chairman
DIN: 01677152

Ajay Kumar Dubey
Chief Financial Officer

Tarun Kumar
Company Secretary
M.NO:F9256

METALMAN AUTO LIMITED