

Dewan P N Chopra & Co

Chartered Accountants

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INDEPENDENT AUDITOR'S REPORT

To the Partners of Metalman Micro Turners

Report on the Audit of the Special Purpose Ind AS Financial Statements as adjusted with accounting policy and accounting policy choices (both mandatory exceptions and optional exemptions availed as per Indian Accounting Standards 101 'First-time Adoption of Indian Accounting Standards' (Ind AS 101)) as initially adopted on transition date i.e. April 1, 2022 as set out in Note 2.1 of Special Purpose Ind AS Financial Statements.

Opinion

We have audited the accompanying Special Purpose Ind AS Financial Statements of Metalman Micro Turners ("the firm"), which comprise the Balance Sheet as at March 31, 2023, Statement of Profit and Loss (including Other Comprehensive Income), Cash Flow Statement and Statement of Changes in Equity for the year then ended, and notes to the Special Purpose Ind AS Financial Statements, including a summary of significant accounting policies and other explanatory information ("Special Purpose Ind AS Financial Statements"). The Special Purpose Ind AS Financial Statements have been prepared by the Management of the firm in accordance with Indian Accounting Standards (Ind AS) notified under section 133 of the Companies Act 2013 as adjusted with accounting policy and accounting policy choices (both mandatory exceptions and optional exemptions availed as per Indian Accounting Standards 101 'First-time Adoption of Indian Accounting Standards' ('Ind AS 101')) as initially adopted on transition date i.e. April 1, 2022 and other accounting principles generally accepted in India as set out in Note 2.1 of Special Purpose Standalone Financial Statements.

In our opinion, the accompanying Special Purpose Ind AS Financial Statements give a true and fair view in conformity with the Indian Accounting Standards (Ind AS) notified under section 133 of the Companies Act 2013 as adjusted with accounting policy and accounting policy choices (both mandatory exceptions and optional exemptions availed as per Indian Accounting Standards 101 'First-time Adoption of Indian Accounting Standards' ('Ind AS 101')) as initially adopted on transition date i.e. April 1, 2022 and other accounting principles generally accepted in India of the financial position of the firm as at March 31, 2023, and of 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) issued by the ICAI. Our responsibilities under those SAs are further described in the Auditor's Responsibilities section of our report for the Audit of the Special Purpose Ind AS Financial Statements as adjusted with accounting policy and accounting policy choices (both mandatory exceptions and optional exemptions availed as per Ind AS 101) as initially adopted on transition date i.e. April 1, 2022. We are independent of the firm in accordance with the Code of Ethics issued by the ICAI together with the ethical requirements that are relevant to our audit of the Special Purpose Ind AS Financial Statements as adjusted with accounting policy and accounting policy choices (both mandatory exceptions and optional exemptions availed

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as per Ind AS 101) as initially adopted on transition date i.e. April 1, 2022, 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.

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

Management is responsible for the preparation of these Special Purpose Ind AS Financial Statements in accordance in accordance with Indian Accounting Standards (Ind AS) notified under section 133 of the Companies Act 2013 as adjusted with accounting policy and accounting policy choices (both mandatory exceptions and optional exemptions availed as per Indian Accounting Standards 101 'First-time Adoption of Indian Accounting Standards' ('Ind AS 101')) as initially adopted on transition date i.e. April 1, 2022 and other accounting principles generally accepted in India; and this includes design, implementation and maintenance of such internal control as management determines is necessary to enable the preparation of Special Purpose Financial Statement that are free from material misstatement whether due to fraud or error.

In preparing the Special Purpose Ind AS Financial Statements as adjusted with accounting policy and accounting policy choices (both mandatory exceptions and optional exemptions availed as per Ind AS 101) as initially adopted on transition date i.e. April 1, 2022, the management is responsible for assessing the firm'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 firm or to cease operations or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the firm's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the Special Purpose Ind AS Financial Statements as adjusted with accounting policy and accounting policy choices (both mandatory exceptions and optional exemptions availed as per Ind AS 101) as initially adopted on transition date i.e. April 1, 2022, 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 Ind AS Financial Statements.

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

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



- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for expressing our opinion on whether the firm has internal financial controls with reference to Special Purpose Ind AS Financial Statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the firm'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 Ind AS Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the firm 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.

Other Matter

1. The Special Purpose Ind AS Financial Statements of the Firm for the year ended March 31, 2023, are based on the previously issued statutory financial statements prepared in accordance with Indian GAAP including accounting standards issued by the ICAI and other accounting principles generally accepted in India pursuant to Section 44AB of Income Tax Act 1961 on which we had issued an unmodified auditor's report dated September 05, 2023, as adjusted for the differences in the accounting principles adopted by the Firm on transition (i.e. April 01, 2022) to the Ind AS, which have been audited by us.
2. The Special Purpose Ind AS Financial Statements for the year ended March 31, 2023 are prepared by the management in accordance with Indian Accounting Standards (Ind AS) notified under section 133 of the Companies Act 2013 and other accounting principles generally accepted in India and approved by the Partners to enable the management of Metalman Auto Limited (formerly known as "Metalman Auto Private Limited") to prepare its special purpose consolidated financial statements in accordance with the Indian accounting Standards prescribed under section 133 of the Act read with Companies (Indian Accounting Standards) Rules, 2015 as amended (Ind AS) for the year ended March 31, 2023 and for the purpose of preparation of restated financial information of the firm to be included in the restated consolidated financial information of Metalman Auto Limited (formerly known as "Metalman Auto Private Limited") in connection with its proposed initial public offering of equity shares. Accordingly, the management has not presented the corresponding comparative figures and certain disclosures in these Special Purpose Ind AS Financial Statements.

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



Basis of Accounting and Restriction on Distribution and Use

Without modifying our opinion, we draw attention to Note 2.1 which describes the basis of accounting for the Special Purpose Ind AS Financial Statements as adjusted with accounting policy and accounting policy choices (both mandatory exceptions and optional exemptions availed as per Ind AS 101) as initially adopted on transition date i.e. April 1, 2022.

The Special Purpose Ind AS Financial Statements are prepared by the management of the firm and approved by the Partners to enable the management of Metalman Auto Limited (formerly known as "Metalman Auto Private Limited") to prepare its special purpose consolidated financial statements in accordance with the Indian accounting Standards prescribed under section 133 of the Act read with Companies (Indian Accounting Standards) Rules, 2015 as amended (Ind AS) for the year ended March 31, 2023 and for the purpose of preparation of restated financial information of the firm to be included in the restated consolidated financial information of Metalman Auto Limited (formerly known as "Metalman Auto Private Limited") for inclusion in the Draft Red Herring Prospectus ("DRHP"), Red Herring Prospectus ("RHP") and Prospectus, (collectively referred to "Offer Documents") 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 Ind AS Financial Statements may not be suitable for another purpose.

Our report is intended solely for the use of Metalman Auto Limited (formerly known as "Metalman Auto Private Limited") to comply with the requirement of SEBI ICDR Regulations and should not be distributed to or used by any other parties. Dewan P N Chopra & Co shall not be liable to the firm 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.

For Dewan P N Chopra & Co,
Chartered Accountants
ICAI Firm Registration No. 000472N

Sandeep Dahiya

Partner

Membership No. 505371

UDIN: 24505371BKAPMR1510

Place: New Delhi

Date: July 11, 2024



Metalman Micro Turners
Balance Sheet as at 31 MARCH 2023
(Amount in Rupees million, unless otherwise stated)

Particulars	Notes	As at 31 March 2023
ASSETS		
Non-current assets		
Property, plant and equipment	3	1,145.82
Right of use assets	4	201.22
Capital work-in-progress	5	3.86
Goodwill	6	23.57
Other Intangible assets	7	0.29
Financial assets:		
i) Other financial assets	8	8.26
Other non-current assets	10	9.62
Total non-current assets		1,392.64
Current assets		
Inventories	11	172.00
Financial assets:		
i) Trade receivables	12	722.94
ii) Cash and cash equivalents	13	0.60
iii) Bank balances other than cash and cash equivalents	14	8.79
iv) Other financial assets	8	63.79
Other current assets	15	100.33
Total current assets		1,068.45
Total Assets		2,461.09
EQUITY AND LIABILITIES		
Equity		
Partners capital	16	943.40
Total equity		943.40
LIABILITIES		
Non-current liabilities		
Financial liabilities:		
Borrowings	17	180.00
Deferred tax liabilities (net)	9c	79.46
Total non-current liabilities		259.46
Current liabilities		
Financial liabilities:		
i) Borrowings	17	277.60
ii) Trade payables	21	
- total outstanding dues of micro and small enterprises		70.76
- total outstanding dues of creditors other than micro and small enterprises		626.44
iii) Other financial liabilities	18	31.30
Other current liabilities	20	108.26
Provisions	19	3.34
Current tax liabilities (net)	22	140.45
Total current liabilities		1,258.23
Total Equity and Liabilities		2,461.09

Material accounting policies

Note 2

The accompanying notes 1 to 42 form an integral part of these special purpose Ind AS financial statements.

In terms of our report of even date

For Dewan P. N. Chopra & Co.

Chartered Accountants

ICAI Firm Registration No.: 000472N

Sandeep Dahiya

Partner

Membership No. 505374

Place: New Delhi

Date: July.11.2024

For and on behalf of the Partner's

Metalman Micro Turners

Nishant

Metalman Auto Limited

(formerly known as Metalman Auto Private Limited)

through Nishant Jairath

Partner



Sachin Bembli

Partner

Sachin Bembli

Metalman Micro Turners
Statement of Profit and Loss for the year ended 31 March 2023
(Amount in Rupees million, unless otherwise stated)

Particulars	Notes	Year ended 31 March 2023
INCOME		
Revenue from operations	23	4,967.52
Other income	24	41.85
Total Income (I)		5,009.37
EXPENSES		
Cost of materials consumed	25	3,787.39
Changes in inventories of finished goods and work-in-progress	26	(26.02)
Employee benefits expense	27	163.88
Finance costs	28	39.93
Depreciation and amortisation expense	29	144.41
Other expenses	30	684.12
Total expenses (II)		4,793.71
Profit before tax (I-II)		215.66
Tax expense:	9	
Current tax		178.95
Taxation related to earlier years		-
Deferred tax charge		7.54
Total tax expenses		186.49
Profit for the year		29.17
Other Comprehensive Income		
Items that will not be reclassified to profit or loss in subsequent period		
Re-measurement loss/(gain) on defined benefit plans		0.46
Income tax effect		(0.16)
Total other comprehensive income for the year, net of tax		0.30
Total comprehensive income for the year, net of tax		29.47

Material accounting policies


Note 2

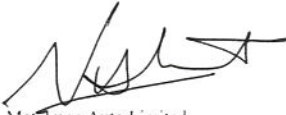
The accompanying notes 1 to 42 form an integral part of these special purpose Ind AS financial statements.

In terms of our report of even date
For Dewan P N Chopra & Co.
Chartered Accountants
ICAI Firm Registration No.: 000472N

For and on behalf of the Partner's
Metalman Micro Turners




Sandeep Dahiya
Partner
Membership No.: 505371


Metalman Auto Limited
(formerly known as Metalman Auto Private Limited)
through Nishant Jairath
Partner


Sachin Bambi
Partner

Place: New Delhi
Date: July, 11 2024

Metalman Micro Tuners
Statement of Cash Flows for the year ended 31 March 2023
(Amount in Rupees million, unless otherwise stated)

Particulars	Year ended 31 March 2023
A. CASH FLOW FROM OPERATING ACTIVITIES	
Net Profit before tax	215.66
<i>Adjusted for :</i>	
Depreciation and amortisation expense	144.41
Profit/loss on sale of property, plant and equipment (net)	4.12
Finance cost	99.93
Interest income	(2.06)
Operating Profit before Working Capital Changes	402.03
<i>Working capital adjustments:</i>	
Decrease/ (Increase) in other financial assets	31.95
Decrease/ (Increase) in investments	(12.08)
Decrease/ (Increase) in trade receivables	(319.13)
Decrease/ (Increase) in other assets	(6.11)
(Decrease) / Increase in other financial liabilities	2.75
(Decrease) / Increase in provisions	0.34
(Decrease) / Increase in other liabilities	43.02
(Decrease) / Increase in trade payables	204.63
	(85.23)
Cash generated from operations	316.83
Direct taxes refund/ (paid)	(5.10)
Net Cash from Operating activities (A)	311.73
B. CASH FLOW FROM INVESTING ACTIVITIES	
Purchase of property, plant and equipment and intangible assets (including capital work in progress)	(192.14)
Sale of property, plant and equipment	27.41
Investment in/ proceeds from fixed deposits (net)	(0.39)
Interest received	1.61
Net Cash used in Investing Activities (B)	(163.51)
C. CASH FLOW FROM FINANCING ACTIVITIES	
Proceeds from partners	-
Interest paid other than on lease liabilities	(42.74)
Repayment of long term borrowings	(233.62)
Proceeds from long term borrowings	-
Proceeds / (repayment) of short term borrowings	77.03
Net Cash flow from in/(used) Financing Activities (C)	(199.33)
Net increase/(decrease) in Cash and Cash Equivalents (A+B+C)	(51.12)



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Metalman Micro Turners
Statement of Cash Flows for the year ended 31 March 2023
(Amount in Rupees million, unless otherwise stated)

Particulars	Year ended 31 March 2023
Cash and cash equivalents at beginning of year	51.72
Cash and cash equivalents at end of the year	<u>0.60</u>
Components of cash and cash equivalents	
Cash on hand	0.14
Balance with banks:	
In current accounts	0.46
In deposits with maturity of less than 3 months	-
	<u>0.60</u>

Reconciliation of liabilities arising from financing activities

	1 April 2022	Cash flows	Non-cash changes Interest capitalisation in principal	Fair value changes	31 March
Long-term borrowings	590.68	(233.62)	-	-	357.06
Short-term borrowings	23.52	77.03	-	-	100.51

Material accounting policies

Note 2

The accompanying notes 1 to 42 form an integral part of these special purpose Ind AS financial statements.

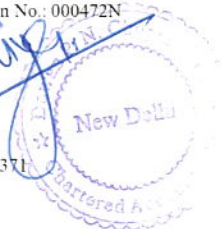
Note:

The Statement of cash flow 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 Dewan P. N. Chopra & Co.
Chartered Accountants
ICAI Firm Registration No.: 000472N

Sandeep Dahiya
Partner
Membership No.: 505371

Place: New Delhi
Date: July.11 2024



For and on behalf of the Partner's
Metalman Micro Turners

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Metalman Auto Limited
(formerly known as Metalman Auto Private Limited)
through Nishant Jairath
Partner



Sachin Bemb
Partner

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1. Firm's information

Metalman Micro Turners is a partnership firm incorporated on 3rd March 2010. The firm is engaged in the manufacturing and selling of Auto Parts. The firm caters to both domestic and international market. The firm is wholly owned subsidiary of Metalman Auto Private Limited (Holding Company) w.c.f. March 29, 2023 (upto March 28, 2023 it is associate).

Share of profit/loss of the partners of the firm is as under:-

Name of partners	Share in profit/loss (w.e.f. March 29, 2023)	Share in profit/loss (upto March 28, 2023)
M/s Metalman Auto Pvt. Ltd through Mr Nishant Jairath	98%	50%
Mr. Sachin Bembi	1%	-
Mr Nishant Jairath	1%	-
Mr. Sachin Kapoor	-	40%
Ms. Bindiya Narang	-	10%

2. Basis for preparation and measurement

2.1 Basis of preparation

The Special Purpose IND AS Financial Statements have been prepared by the management of the firm for the purpose of preparation of restated financial information to be consolidated with the restated financial information of Holding Company for inclusion in the Draft Red Herring Prospectus ("DRHP"), Red Herring Prospectus ("RHP") and Prospectus, (collectively referred to "Offer Documents") of the Holding 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").

The Special Purpose Ind AS Financial Statements of the firm have been prepared in accordance with Indian Accounting Standards (Ind AS) issued by Institute of Chartered Accountants of India (ICAI) and other accounting principles generally accepted in India.

These Special Purpose Ind AS Financial Statements have been prepared solely for the purpose of preparation of restated financial information to be consolidated with the restated financial information of Holding Company for inclusion in offer documents in relation to the proposed IPO of the Holding Company accordingly, the management has not presented the corresponding comparative figures in these special purpose Ind AS Financial Statements. As such this Special Purpose Ind AS 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 Ind AS 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.

The Special Purpose Ind AS Financial Statements are presented in Indian Rupees (Rs.) and all values are rounded to the nearest million, except when otherwise indicated.

All assets and liabilities have been classified as current or non-current according to the firm's 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 firm 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.



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2.2 Material accounting policies

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

- (i) Under the previous GAAP (Indian GAAP), property, plant and equipment were carried in the balance sheet at cost net of accumulated depreciation and accumulated impairment losses, if any as at 31 March 2022. The firm has elected to regard those values of property as deemed cost at the date of the transition to Ind AS, i.e., 1 April 2022.

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 Firm 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 Special Purpose Ind AS 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.

The property, plant and equipment are depreciated over the useful life of the assets. The useful life is based on the evaluation determined by the partners. The useful life so determined corresponds to the rates prescribed by the income tax rules, 1962 being the status governing the tax audit. The depreciation is provided accordingly on written down value method on the rates so prescribed.

Leasehold land and leasehold improvements are amortized over the period of the lease or the useful life of the asset, whichever is lower.

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 capitalized in accordance with the firm'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

Under the previous GAAP (Indian GAAP), Intangible Assets were carried in the balance sheet at cost net of accumulated depreciation and accumulated impairment losses, if any as at 31 March 2022. The firm has elected to regard those values of intangible assets as deemed cost at the date of the transition to Ind AS, i.e., 1 April 2022.

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 amortization period and method for an intangible asset is reviewed at least at the end of each reporting period.

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



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d. **Leases**

Firm as a Lessee:

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

The Firm 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 Firm 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 Firm has elected not to recognize 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 Firm recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Transition

In accordance with Ind AS 101 – "First-time Adoption of Indian Accounting Standards", the firm has measured lease liability at the date of transition to Ind AS at the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of transition to Ind AS. The Firm has measured a right-of-use asset at the date of transition to Ind AS at its carrying amount as if Ind AS 116 had been applied since the commencement date of the lease, but discounted using the incremental borrowing rate at the date of transition to Ind AS.

e. **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 capitalization. Qualifying assets are assets that necessarily take a substantive period of time to get ready for their use or sale.

f. **Impairment of non-financial assets**

At the end of each reporting period, the Firm 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).



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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.

g. 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.

h. 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 Firm expects to be entitled in exchange for those goods. Such revenue is recognised upon the Firm's performance of its contractual obligations and on satisfying all the following conditions:

- (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 Firm's future cash flow;
- (5) The Firm 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 Firm 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.



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METALMAN MICRO TURNERS
NOTES TO THE SPECIAL PURPOSE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023
(Amount in Rupees million, unless otherwise stated)

- (i) **Sale 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 Firm 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.
- (v) The revenue in respect of the export incentives is recognized on post export basis at the rate at which the entitlement accrue.
- (vi) Revenue in respect of Insurance and other claims are recognized when no significant uncertainty exists with regard to the amount to be realized and the ultimate collection thereof.

i. Foreign currency transactions

The Special Purpose Ind AS Financial Statements are presented in Rs., which is also its 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.

j. 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 Firm operates and generates taxable income.

Alternative Minimum Tax (AMT) is recognized as an asset only when and to the extent there is convincing evidence that the firm will pay normal income tax during the specified period. In the year in which the AMT 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 firm reviews the same at each balance sheet date and writes down the carrying amount of AMT entitlement to the extent there is no longer convincing evidence to the effect that firm will pay normal income tax during the specified period.

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. In respect of taxable temporary differences associated with investments in subsidiaries and associates, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.



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Current and deferred tax

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.

k. Employee benefits

(i.) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the Firm 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 Firm 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.

l. Provisions, Contingent liabilities and Contingent assets

Provisions are recognised when the Firm 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 Ind AS 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. 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.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above.

n. 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 Firm's business model for managing them. The Firm 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, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through other comprehensive income (FVTOCI) with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortised cost (debt instruments)

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 Firm. 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 amortization is included in other income in the profit or loss.

Financial assets at fair value through OCI (FVTOCI) (debt instruments)

A 'financial asset' is classified as at the FVTOCI if both of the following criteria are met:

- a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- b) The asset's contractual cash flows represent SPPI.



Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Firm can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under Ind AS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS 103 applies are classified as at FVTPL.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the Statement of Profit and Loss when the right of payment has been established, except when the Firm benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

Financial assets at fair value through profit or loss

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 and listed equity investments which the Firm had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are recognised in the Statement of Profit and Loss when the right of payment has been established.

Derecognition

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

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

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

Impairment of financial assets

The Firm applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, debt instruments at FVTOCI, trade receivables, other contractual rights to receive cash or other financial asset, and financial guarantees not designated at FVTPL. The Firm measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition.

Further, for the purpose of measuring lifetime expected credit loss allowance for trade receivables, the Firm 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.

Derecognition of financial assets

The Firm derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.



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(b) Financial liabilities

Classification

Financial liabilities - Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Firm's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

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 (loans and borrowings)

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 (Loans and borrowings)

This is the category most relevant to the Firm. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognized as well as through the EIR amortization 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 amortization is included as finance costs in the Statement of Profit and Loss.

This category generally applies to borrowings.

(c) Derivative financial instruments and hedge accounting

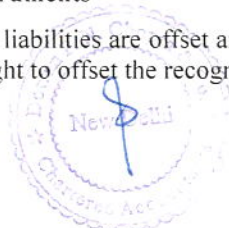
Initial recognition and subsequent measurement

The Firm uses derivative financial instruments, such as forward currency contracts to hedge its foreign currency risks, interest rate risks and commodity price risks, respectively. 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, except for the effective portion of cash flow hedges, which is recognised in OCI and later reclassified to profit or loss when the hedge item affects profit or loss or treated as basis adjustment if a hedged forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability.

(d) 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 intention to settle on a net basis.



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to realize the assets and settle the liabilities simultaneously.

o. 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 Firm uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value.

The Firm 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 Ind AS 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 Firm 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 Firm 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.

p. 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, which generally coincides with the incentive eligibility order issued by the authority.

When the grant relates to an asset, 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.

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.

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.



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2.3 Significant accounting judgements, estimates and assumptions

In the application of the Firm accounting policies, which are described as below, the management of the Firm 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 Firm's accounting policies and that have the most significant effect on the amounts recognised in the Special Purpose Ind AS 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 Firm. 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, Firm 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 Ind AS Financial Statements. Contingent losses that are considered possible are not provided for but disclosed as Contingent liabilities in the Special Purpose Ind AS Financial Statements. Contingencies the likelihood of which is remote are not disclosed in the Special Purpose Ind AS 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 Firm uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based in Firm's past history, existing market conditions as well as forward-looking estimates at the end of each reporting period. The Firm assesses the investment in equity instrument of subsidiary companies carried at cost for impairment testing, by comparing carrying value with recoverable value, adopting DCF model for arriving value in use etc.

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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Metalmak Micro Turners

Notes to Financial Statements for the year ended 31 March 2023

(Amount in Rupees million, unless otherwise stated)

3. Property, plant and equipment

Particulars	Freehold land	Building	Plant and machinery	Furniture and fittings	Vehicles	Office equipment	Computers	Laboratory Equipment	Electric Installation	Total
Cost										
As at 1 April 2022 (refer note 1 below)	151.44	165.58	677.11	8.54	11.11	8.46	2.10	7.31	40.46	1,072.10
Additions	-	64.03	162.76	0.08	0.10	0.89	1.14	1.84	15.86	246.70
Disposals	-	-	(35.93)	(0.04)	-	(0.02)	(0.48)	-	(0.43)	(36.92)
As at 31 March 2023	151.44	229.60	803.94	8.58	11.21	9.32	2.76	9.15	55.89	1,281.89
Depreciation										
Depreciation charge for the year 2022-23	-	19.24	108.64	0.86	1.68	1.36	1.11	1.24	7.34	141.47
Disposals/ adjustments	-	-	(5.11)	(0.00)	-	(0.00)	(0.19)	-	(0.06)	(5.39)
As at 31 March 2023	-	19.24	103.53	0.85	1.68	1.36	0.91	1.24	7.27	136.08
Net carrying value :										
As at 31 March 2023	151.44	210.36	700.41	7.72	9.53	7.97	1.85	7.91	48.62	1,145.82

Note 1: Deemed cost of property, plant and equipment

Particulars	Freehold land	Building	Plant and machinery	Furniture and fittings	Vehicles	Office equipment	Computers	Laboratory Equipment	Electric Installation	Total
Gross carrying amount as per previous GAAP										
As at 1 April 2022	151.44	278.38	1,380.20	14.09	19.48	17.95	14.64	15.95	77.27	1,969.41
Accumulated depreciation as per previous GAAP										
As at 1 April 2022	-	112.81	703.09	5.55	8.38	9.49	12.54	8.64	36.81	897.31
Net carrying amount (deemed cost) as at 1 April 2022	151.44	165.57	677.11	8.54	11.11	8.46	2.10	7.31	40.46	1,072.10



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Metalman Micro Tuners
Notes to Financial Statements for the year ended 31 March 2023
(Amount in Rupees million, unless otherwise stated)

4. Right of use assets

Particulars	Leasehold land	Total
Cost		
As at 1 April 2022 (refer note I below)	203.97	203.97
Additions	-	-
Disposals	-	-
As at 31 March 2023	203.97	203.97
Depreciation		
Depreciation charge for the year 2022-23	2.75	2.75
Disposals/ adjustments	-	-
As at 31 March 2023	2.75	2.75
Net carrying value :		
As at 31 March 2023	201.22	201.22

Note I: Deemed cost of Right of use assets

Particulars	Leasehold land	Total
Gross carrying amount as per previous GAAP		
As at 1 April 2022	218.96	218.96
Accumulated depreciation as per previous GAAP		
As at 1 April 2022	15.00	15.00
Net carrying amount (deemed cost) as at 1 April 2022	203.97	203.97

Notes:

Leasehold land represents land taken on long term lease from the Government authorities.

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Metalman Micro Tuners
Notes to Financial Statements for the year ended 31 March 2023
(Amount in Rupees million, unless otherwise stated)

6. Goodwill

Particulars	Goodwill	Total
Cost		
As at 1 April 2022	23.57	23.57
Additions	-	-
Disposals/Adjustments	-	-
As at 31 March 2023	23.57	23.57

Note: Goodwill amounting to Rs. 23.57 million is related to assets purchase on 19 December 2018 for total consideration of Rs. 100.00 million.

7. Other Intangible assets

Particulars	Software	Total
Cost		
As at 1 April 2022 (refer note 1 below)	0.48	0.48
Additions	-	-
Disposals	-	-
As at 31 March 2023	0.48	0.48
Amortisation		
Amortisation charge for the year 2022-23	0.19	0.19
Disposals/ adjustments	-	-
As at 31 March 2023	0.19	0.19
Net carrying value :		
As at 31 March 2023	0.29	0.29

Note 1: Deemed cost of Intangible assets

Particulars	Software	Total
Gross carrying amount as per previous GAAP		
As at 1 April 2022	14.22	14.22
Accumulated depreciation as per previous GAAP		
As at 1 April 2022	(13.74)	(13.74)
Net carrying amount (deemed cost) as at 1 April 2022	0.48	0.48

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Metalman Micro Tuners
Notes to Financial Statements for the year ended 31 March 2023
 (Amount in Rupees million, unless otherwise stated)

5 Capital work-in-progress

Particulars	Amount
As at 1 April 2022	62.12
Additions	3.86
Disposals/ capitalisations	(62.12)
As at 31 March 2023	3.86

Capital Work in progress ageing schedule

As at 31 March 2023

Particulars	Amount in CWIP for a period of				
	Less than 1	1-2 years	2-3 years	More than 3	Total
Projects in progress	3.86	-	-	-	3.86
Total	3.86	-	-	-	3.86

Note 1:

There are no projects as on each reporting period where activity had been suspended. Also 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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8. Other financial assets

(Unsecured, considered good unless otherwise stated)

	<u>As at</u> <u>31 March 2023</u>
Non-current	
At amortised cost	
Security deposits, considered good	8.26
	<u>8.26</u>
Current	
Interest receivable	0.79
Subsidy receivable	29.12
Advance to employees	1.34
Other receivable	32.53
	<u>63.79</u>

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9. Income Taxes

The major components of income tax expense are as under:

A. Statement of profit and loss:

(i) Profit and loss section

	Year ended 31 March 2023
Current tax	178.95
Taxation related to earlier years	-
Deferred tax:	
Deferred tax	7.54
Income tax expense reported in the statement of profit and loss	186.49

(ii) Other comprehensive income (OCI)

	Year ended 31 March 2023
Net gain on remeasurements of defined benefit plans	(0.16)
Income tax charge /(credit) to OCI	(0.16)

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	215.66
At India's statutory income tax rate of 34.944%	75.36
Adjustments in respect of current income tax due to:	
Expenses not deductible for tax purposes	0.39
Tax effect of capital gain on retirement of Partner	110.80
Taxation related to earlier years	-
Others	0.10
Income tax expense reported in the statement of profit and loss	186.65

C. Deferred tax

DEFERRED TAX RELATED TO THE FOLLOWING:

	Balance sheet		Statement of profit and loss/ OCI	
	As at 31 March 2023	Year ended 31 March 2023	As at 31 March 2023	Year ended 31 March 2023
<i>Deferred tax assets on:</i>				
-Expenses allowable on payment basis*	(2.22)		1.05	
<i>Deferred tax liabilities on:</i>				
- differences in carrying value of property, plant and equipment and intangible assets between books of account and for tax purposes	59.63		4.03	
-Accounting of government grant as per Ind AS	22.05		1.86	
-AMT credit entitlement	-		0.77	
Deferred tax charge/ (credit)	-		7.71	
Net deferred tax assets/ (liabilities)	79.46		-	

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



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Metalman Micro Tuners
Notes to Financial Statements for the year ended 31 March 2023
(Amount in Rupees million, unless otherwise stated)

10. Other non-current assets

(Unsecured, considered good unless otherwise stated)

Capital advances

As at 31 March 2023
9.62
9.62

11. Inventories

(at lower of cost or net realisable value)

Raw materials
Work in progress
Finished goods
Consumables and stores and spares including packing materials
Dies and Tools

As at 31 March 2023
97.15
31.82
34.18
5.39
3.46
172.00

Total

12. Trade receivables

At amortised cost

Unsecured, considered good
Less: allowance for credit loss

Total

As at 31 March 2023
722.94
-
722.94

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 Firm's trade receivables have been assessed for indications of impairment.

Particulars	Outstanding as at 31 March 2023 from the due date of collection						Total
	Not Due	Upto 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed							
- considered good	569.43	88.36	0.18	2.49	61.97	0.51	722.94
- which have significant increase in credit risk	-	-	-	-	-	-	-
Disputed							
- considered good	-	-	-	-	-	-	-
- which have significant increase in credit risk	-	-	-	-	-	-	-
Total	569.43	88.36	0.18	2.49	61.97	0.51	722.94

13. Cash and cash equivalents :

At amortised cost

Balances with banks

In current accounts
Cash on hand
Digital wallet

As at 31 March 2023
0.46
0.07
0.07
0.60

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



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Metalman Micro Tuners
Notes to Financial Statements for the year ended 31 March 2023
(Amount in Rupees million, unless otherwise stated)

14. Bank balances other than cash and cash equivalents

At amortised cost

Bank deposits with maturity for 3 to 12 months

As at 31 March 2023
8.79
8.79

15. Other current assets

(Unsecured, considered good unless otherwise stated)

Advance to suppliers
 Prepaid expenses
 Balances with government authorities
 Prepaid Gratuity
 Other receivable

As at 31 March 2023
4.75
5.03
83.18
7.32
0.05
100.33

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Metalman Micro Tuners

Notes to Financial Statements for the year ended 31 March 2023

(Amount in Rupees million, unless otherwise stated)

Note-16

Particulars	AS AT 31st March, 2023 Rs.
I Owners' Fund	
a) M/s Metalman Auto Pvt. Ltd through Mr Nishant Jairath	
Opening Balance	456.58
Add : Received during the year	997.80
Less : Adjustment on account of acquiring of Profit Sharing	(515.10)
Add : Profit for the period transferred from statement of profit and loss a/c	55.81
Add : Ind AS transition impact	(53.38)
	<u>941.72</u>
b) Mr. Sachin Kapoor	
Opening Balance	378.49
Add : Received during the year	-
Add : Adjustment on account of retirement	399.48
Add : Profit for the period transferred from statement of profit and loss a/c	64.74
Less: Capital paid/settled during the year	(800.00)
Add : Ind AS transition impact	(42.70)
	<u>0.00</u>
c) Mrs. Bindiya Narang	
Opening Balance	78.87
Add : Received during the year	-
Add : Adjustment on account of retirement	115.62
Add : Profit for the period transferred from statement of profit and loss a/c	16.19
Less: Capital paid/settled during the year	(200.00)
Add : Ind AS transition impact	(10.68)
	<u>(0.00)</u>
d) Mr. Sachin Bembli	
Opening Balance	-
Add : Capital Received as incoming partner during the year	1.10
Add : Profit for the period transferred from statement of profit and loss a/c	(0.26)
	<u>-</u>
	<u>0.84</u>
e) Mr Nishant Jairath	
Opening Balance	-
Add : Capital Received as incoming partner during the year	1.10
Add : Profit for the period transferred from statement of profit and loss a/c	(0.26)
	<u>-</u>
	<u>0.84</u>
	<u>943.40</u>

1.1 As per the Deed of Retirement dated 29.03.2023 and Reconstituted Partnership Deed Dated 29.03.2023. Two Partners has joined the firm Accordingly, movement in Profit sharing ratio are as under:

Profit Sharing Ratio:

01.04.2022 to 28.03.2023

**01.04.2022 to
28.03.2023**

M/s Metalman Auto Pvt. Ltd

50%

through Mr Nishant Jairath

Mr. Sachin Kapoor

40%

Mrs. Bindiya Narang

10%

29.03.2023 to 31.03.2023

**29.03.2023 to
31.03.2023**

M/s Metalman Auto Pvt. Ltd

98%

through Mr Nishant Jairath

Mr. Sachin Bembli

1%

Mr Nishant Jairath

1%



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Metalman Micro Tuners
Notes to Financial Statements for the year ended 31 March 2023
(Amount in Rupees million, unless otherwise stated)

17. Borrowings

	As at 31 March 2023
At amortised cost	
Non-current borrowings	
Secured	
Term loans (refer note (a))	
Term Loan from Banks	357.06
Less: Current maturities of long term borrowings	(177.06)
	180.00
Current Borrowings	
Secured	
Working capital loans from banks (refer note (c))	
Loan repayable on demand	
From Banks	15.54
From Others	85.00
Add: Current maturities of long-term debt	177.06
	277.60

Terms & conditions-

(a) 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.

Short-term borrowings

(c) 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.

(d) Working capital borrowing from HDFC Bank is repayable on demand and carries interest @ 9.00% per annum.

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Metalman Micro Turners
Notes to Financial Statements for the year ended 31 March 2023
(Amount in Rupees million, unless otherwise stated)

18. Other Financial Liabilities

At amortised cost

	Current As at 31 March 2023
Interest accrued but not due on borrowings	5.16
Employee payables	24.62
Amount payable for property, plant and equipment	1.60
	31.38

19. Provisions

Provision for employee benefits

	Current As at 31 March 2023
Provision for compensated absences	3.34
	3.34

20. Other Liabilities

	Current As at 31 March 2023
Advance from customers (contract liability)	5.84
Statutory dues payable	102.42
	108.26

21. Trade payables

At amortised cost

	As at 31 March 2023
Trade payables	
- total outstanding dues of micro and small enterprises;	70.76
- total outstanding dues of creditors other than micro and small enterprises*	626.44
	697.20

* Includes payable to Related party (refer note 34)

Trade payables ageing schedule

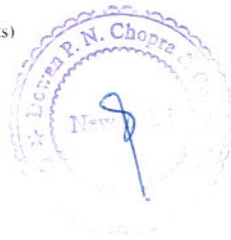
Particulars	Outstanding as on 31 March 2023 from due date of payment					
	Not due	Upto 1 Year	1-2 Years	2-3 Years	more than 3 Years	Total
(i) MSME	49.90	20.86	-	-	-	70.76
(ii) Others	547.58	66.64	1.50	5.49	5.23	626.44
(iii) Disputed dues of MSME	-	-	-	-	-	-
(iv) Disputed dues of creditors other than MSME	-	-	-	-	-	-
Total	597.48	87.50	1.50	5.49	5.23	697.20

Note: Payment towards trade payables is made as per the terms and conditions of the contract / purchase orders.

22. Current tax liabilities (net)

Income tax provision (net of payments)

As at 31 March 2023
140.45
140.45



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Metalman Micro Tuners
Notes to Financial Statements for the year ended 31 March 2023
(Amount in Rupees million, unless otherwise stated)

23. Revenue from operations

	<u>Year ended</u> <u>31 March 2023</u>
Revenue from contracts with customers	
Sale of products	4,907.12
Other operating revenue:	
- Scrap sales	60.40
	<u><u>4,967.52</u></u>

Details of revenue from contracts with customers:

	<u>Year ended</u> <u>31 March 2023</u>
Revenue from contract with customers	
Goods transferred at a point in time	
Sale of automotive parts	4,907.12
	<u><u>4,907.12</u></u>

Reconciliation of Revenue from sale of products with the contracted price

	<u>Year ended</u> <u>31 March 2023</u>
Contracted Price	4,907.12
Less: Trade discounts, volume rebates, etc.	-
Less: Scheme provision	-
Sale of products	<u><u>4,907.12</u></u>

24. Other income

	<u>Year ended</u> <u>31 March 2023</u>
Interest income	
- from banks	0.72
- from others	1.34
Provisions written back	0.03
Income on planned asstes	-
Subsidy income	29.12
Net gain on foreign currency transaction	0.15
Net gain on sale of property, plant and equipment	9.18
Other income	1.31
	<u><u>41.85</u></u>

25. Cost of materials consumed

	<u>Year ended</u> <u>31 March 2023</u>
Raw materials at the beginning of the year	74.00
Add: Purchases	3,810.54
Less: Raw material at the end of the year	(97.15)
	<u><u>3,787.39</u></u>

Breakup of raw material consumed

	<u>Year ended</u> <u>31 March 2023</u>
Bought out parts & Assorted others	2,519.18
Sheet	640.13
Steel tubes	414.97
MS Round	29.11
Welding Material	116.54
Chemicals	67.45
	<u><u>3,787.39</u></u>



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Metalman Micro Tuners
Notes to Financial Statements for the year ended 31 March 2023
(Amount in Rupees million, unless otherwise stated)

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

	Year ended 31 March 2023
<u>Inventories at the beginning of the year</u>	
Work in progress	18.34
Finished goods	21.64
Total Inventories at the beginning of the year	39.98
<u>Inventories at the end of the year</u>	
Work-in-progress	31.82
Finished goods	34.18
Total Inventories at the end of the year	66.00
Changes in inventories of finished goods and work-in-progress	(26.02)

27. Employee benefits expense

	Year ended 31 March 2023
Salaries and wages	141.96
Contribution to provident and other funds (refer note 31)	13.48
Gratuity expense (refer note 31)	2.18
Staff welfare expenses	6.26
	163.88

28. Finance Costs

	Year ended 31 March 2023
Interest expense	
- Interest on borrowings	39.84
Other borrowing costs	0.09
	39.93

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Metalman Micro Tuners
Notes to Financial Statements for the year ended 31 March 2023
(Amount in Rupees million, unless otherwise stated)

29. Depreciation and amortisation expense

	Year ended 31 March 2023
Depreciation of Property, plant and equipment (refer note 3)	141.47
Depreciation of Right of use assets (refer note 4)	2.75
Amortisation of Intangible assets (refer note 5)	0.19
	144.41

30. Other expenses

	Year ended 31 March 2023
Stores, spares and tools consumed	63.99
Labour charges	293.37
Power and Fuel	176.73
Freight and Cartage	8.38
Rent	7.92
Rates and Taxes	1.30
Insurance Charges	5.39
Repairs and maintenance	
- Plant and machinery	48.34
- Building	4.95
- Others	16.21
Travelling and conveyance	3.33
Professional fees and charges	31.79
Payment to auditors	0.62
Selling expenses	30.29
Housekeeping charges	16.47
Balance written off	-
Net loss on sale of property, plant and equipment	4.12
Job work charges	15.61
Donation and charity	0.03
Miscellaneous expenses	5.28
	684.12

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31. Employee benefit plans

A. Defined contribution plans

Particulars	Year ended 31 March 2023
Provident fund	8.25
Employee state insurance	1.04
Welfare fund	4.19
Total	13.48

B. Defined benefit plans (unfunded)

In accordance with the Payment of Gratuity Act, 1972, the Firm 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.

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

	As at 31 March 2023
Defined benefit obligation at the beginning of the year	16.50
Current service cost	2.70
Past service cost	-
Interest cost	1.19
Benefits paid	(0.21)
Actuarial (gain)/ loss on obligations - OCI	(0.42)
Defined benefit obligation at the end of the year	19.76

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	22.01
Expected Interest Income on plan assets	1.71
Contribution by employer	3.52
Benefits paid	(0.21)
Actuarial gain/(loss) on plan asset	0.05
Fair value of plan assets at the end of the year	27.08

Reconciliation of fair value of plan assets and defined benefit obligation:

	As at 31 March 2023
Defined benefit obligation	19.76
Fair value of plan assets	27.08
Net asset/(liability) recognised in the Balance Sheet	7.32



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31. Employee benefit plans (contd.)

Amount recognised in statement of profit and loss:

	Year ended 31 March 2023
Current service cost	2.70
Past service cost	-
Net Interest expense	(0.53)
Amount recognised in statement of profit and loss	2.18

Gratuity plan assets

The Firm 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 Firm's plans are shown below:

	As at 31 March 2023
Discount rate	7.36%
Expected rate of return on plan assets	7.24%
Future salary increases	10.00%
Attrition Rate (all ages)	5.00%
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	Impact on DBO	
	Sensitivity level	As at 31 March 2023
Assumptions		
Discount rate	+1.00%	(1.94)
	-1.00%	2.30
Future salary increases	+1.00%	2.10
	-1.00%	(1.84)

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	1.26
2 to 5 years	5.13
6 to 10 years	7.00
More than 10 years	39.10
Total expected payments	52.49

The weighted average duration of the defined benefit plan obligation at the end of the reporting period is 18 years.



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32 Commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) are Rs. 27.19 million.

33 Contingent Liabilities

As at
31 March 2023

- a. Contingent Liabilities not provided for in respect of:
Bank guarantee issued in favour of others 0.57

- 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 29th September 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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34. Related party disclosures

A. List of related parties

(a) Holding Company

Metalman Auto Limited (Formerly known as Metalman Auto Private Limited)

Holding Company (w.e.f. 29 March 2023)

(b) Partner

Metalman Auto Private Limited
Mr. Sachin Bemb
Mr. Nishant Jairath
Mr. Sachin Kapoor
Mrs. Bindiya Narang

Relationship

Partner
Partner (w.e.f. 29 March 2023)
Partner (w.e.f. 29 March 2023)
Partner (upto 28 March 2023)
Partner (upto 28 March 2023)

(c) Entities on which partner have significant influence

Campbell International
National Industries
Insightful Systems Pvt Ltd
MMT Autocomp
Micro Turners
Jade Ventures

Relationship

Entities on which partner have significant influence
Entities on which partner have significant influence
Entities on which partner have significant influence
Entities on which partner have significant influence
Entities on which partner have significant influence
Entities on which partner have significant influence

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

Particulars	Year ended
	31 March 2023
Sale of goods	
- MMT Auto Comp	276.17
- National Industries	0.38
- Metalman Auto Private Limited	0.07
Purchase of goods	
- MMT Auto Comp	454.76
- National Industries	97.87
- Metalman Auto Private Limited	0.47
Purchase of capital goods	
- Campbell International	0.53
Professional and consultancy charges	
- Metalman Auto Private Limited	12.72
- Insightful Systems Pvt Ltd	5.13
- Jade Ventures	2.24
Rent expense	
- Metalman Auto Private Limited	1.20
Other Reimbursement paid	
- Metalman Auto Private Limited	0.24
- MMT Auto Comp	0.48

* 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 Firm as a whole and individual amount cannot be determined.



Metalman Micro Tuners
Notes to Financial Statements for the year ended 31 March 2023
(Amount in Rupees million, unless otherwise stated)

C. Outstanding balances:

Particulars	As at 31 March 2023
Trade Payable	
- Metalman Auto Private Limited	8.63
- Jade Ventures	0.62
- National Industries	44.04
- Insightful Systems Pvt Ltd	0.48
Trade Receivable	
- MMT Auto Comp	25.59
Guarantee given on the behalf of the firm	
Nishant Jairath	0.90

D. Terms

All transactions (without taxes) 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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Metalman Micro Tuners
Notes to Financial Statements for the year ended 31 March 2023
(Amount in Rupees million, unless otherwise stated)

35. Segment information

The Firm deals in only one business segment of manufacturing and sale of auto ancillary equipment and the chief operating decision maker (CODM) reviews the operations of the Firm 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 Firm constitutes single business segment, since the risk and rewards from these services are not different from one another. The geographical location of its main operations and internal organisation/ reporting and management structure supports such treatment.

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

There are 2 individual customers whose revenue exceeds more than 10% of the firm's revenue.

36. 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 firm 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	70.76
Interest due on above	-
(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	-
(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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37. Fair values measurements

(i) Financial instruments by category

Particulars	As at 31 March 2023	
	FVTPL	Amortised cost
Financial assets		
Other financial assets (non-current)	-	8.26
Trade receivables	-	722.94
Cash and cash equivalents	-	0.60
Other financial assets (current)	-	63.79
Total financial assets		804.38
Financial liabilities		
Borrowings (non-current)	-	180.00
Borrowings (current)	-	277.60
Trade payables (current)	-	697.20
Other financial liabilities (current)	-	31.38
Total financial liabilities	-	1,186.18

(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.

Valuation technique used to determine fair value:

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.

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38. Financial risk management objectives and policies

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

The firm is exposed to market risk, credit risk and liquidity risk. The firm's senior management oversees the management of these risks. The firm's senior management is supported by the Partners that advises on financial risks and the appropriate financial risk governance framework for the firm. The Partners provides assurance to the firm's management that the firm's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the firm'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 firm's exposure to the risk of changes in market interest rates relates primarily to the firm's debt obligations with floating interest rates.

	Increase/ decrease in basis points	Effect on profit before tax
		Rs. Million
31 March 2023		
INR	+50	(1.78)
INR	-50	1.78

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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38. 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 firm's exposure to the risk of changes in foreign exchange rates relates primarily to the firm's operating activities (when revenue or expense is denominated in a foreign currency).

The firm does not have exposure to foreign currency risk at the end of the reporting period.

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 firm 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 firm'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.

1. Trade receivables

Customer credit risk is managed by each business unit subject to the firm'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 firm does not have any significant concentrations of bad debt risk other than disclosed in Note 11.

An impairment analysis is performed at each reporting date on an individual basis for major customers. The calculation is based on historical data. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 40. The firm does not hold collateral as security. The firm 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.

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Metalman Micro Tuners

Notes to Financial Statements for the year ended 31 March 2023

(Amount in Rupees million, unless otherwise stated)

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

II. Credit risk (contd.)

B. Financial instruments and cash deposits

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

III. Liquidity risk

The firm'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 firm'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	277.60	180.00	-	457.60
Trade payables	697.20	-	-	697.20
Other financial liabilities (current)	31.38	-	-	31.38
	1,006.18	180.00	-	1,186.18

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 firm's performance to developments affecting a particular industry. The firm is a manufacturer of automotive parts and the management have assessed risk concentration as low.

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Metalman Micro Tuners

Notes to Financial Statements for the year ended 31 March 2023

(Amount in Rupees million, unless otherwise stated)

39. Capital Management

The objective of the firm's capital management structure is to ensure that there remains sufficient liquidity within the firm to carry out committed work programme requirements. The firm 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 firm manages its capital structure and makes adjustments to it, in light of changes to economic conditions. To maintain or adjust the capital structure, the firm may adjust the payment to partners, return capital, issue new capital 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.

Particulars	As at 31 March 2023
Borrowings**	457.60
Less: Cash and cash equivalents *	(9.39)
Net debts (A)	448.21
Total partner's capital/Net worth	943.40
Total net debt and partner's capital (B)	1,391.61
Gearing ratio (%) (A/B)	32.21%

* Borrowings does not includes lease liabilities.

** Includes non-current deposits with banks.

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40 First time adoption of Ind AS

These financial statements, for the year ended 31 March 2023 has been prepared in accordance with Ind AS. For periods up to and including the year ended 31 March 2023, the firm prepared its financial statements in accordance with Indian GAAP including accounting standards issued by the ICAI and other accounting principles generally accepted in India (Previous GAAP).

Accordingly, the firm has prepared financial statements which comply with Ind AS applicable for the year ended on 31 March 2023, as described in the summary of material accounting policies. In preparing these financial statements, the firm's opening balance sheet was prepared as at 1 April 2022, the firm's date of transition to Ind AS. This note explains exemptions availed by the firm in restating its Previous GAAP financial statements, including the balance sheet as at 1 April 2022 and the financial statements as at and for the year ended 31 March 2023.

Exemptions applied:

1. Mandatory exceptions:

a) Estimates

The estimates at 1 April 2022 and at 31 March 2023 are consistent with those made for the same dates in accordance with Previous GAAP (after adjustments to reflect any differences in accounting policies) apart from impairment of financial assets based on expected credit loss model where application of Previous GAAP did not require estimation.

The estimates used by the firm to present these amounts in accordance with Ind AS reflect conditions at 1 April 2022, the date of transition to Ind AS and as of 31 March 2023.

b) De-recognition of financial assets and liabilities :

Ind AS 101 requires a first-time adopter to apply the de-recognition provisions of Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind AS. However, Ind AS 101 allows a first-time adopter to apply the de-recognition requirements in Ind AS 109 retrospectively from a date of the entity's choosing, provided that the information needed to apply Ind AS 109 to financial assets and financial liabilities derecognised as a result of past transactions was obtained at the time of initially accounting for those transactions. The group has elected to apply the de-recognition provisions of Ind AS 109 prospectively from the date of transition to Ind AS.

c) Classification and measurement of financial assets:

Financial Instruments:

Financial assets like security deposits received and security deposits paid, has been classified and measured at amortised cost on the basis of the facts and circumstances that exist at the date of transition to Ind AS. Since, it is impracticable for the partnership firm to apply retrospectively the effective interest method in Ind AS 109, the fair value of the financial asset or the financial liability at the date of transition to Ind AS by applying amortised cost method, has been considered as the new gross carrying amount of that financial asset or the financial liability at the date of transition to Ind AS.

2. Optional exemptions:

a. Deemed cost:- (PPE and Intangible)

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments for de-commissioning liabilities. This exemption can also be used for intangible assets covered by Ind AS 38 Intangible Assets.

Accordingly, the partnership firm has elected to measure all of its property, plant and equipment and intangible assets at their previous GAAP carrying value.

b. Business combinations: -

Ind AS 101 provides the option to apply Ind AS 103 prospectively from the transition date or from a specific date prior to the transition date. This provides relief from full retrospective application that would require restatement of all business combinations prior to the transition date.

The firm has elected to apply Ind AS 103 prospectively to business combinations occurring after its transition date. Business combinations occurring prior to the transition date have not been restated.

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Metalman Micro Turners

Notes to Financial Statements for the year ended 31 March 2023

(Amount in Rupees million, unless otherwise stated)

Reconciliations between previous GAAP and Ind AS

Ind AS 101 requires an entity to reconcile total equity and total comprehensive income for prior periods. The following tables represent the reconciliations from previous GAAP to Ind AS.

1 Reconciliation of total equity as at 31 March 2023 and 1 April 2022-

Particulars	Notes to first time adoption	31 March 2023	1 April 2022
Total equity (shareholder's funds) as per previous GAAP		1,022.35	886.12
Adjustments:			
- Accounting of government grant as per Ind AS 20	Note - 1	29.12	51.79
- Grossing up of PPE on account of accounting treatment of government grant as per Ind AS 20	Note - 1	51.79	-
- Deferred tax impacts on above adjustments		(22.05)	(20.19)
- Prior period expense relating to deferred and income tax accounted as per Ind AS 8	Note - 2	(143.81)	(9.78)
Total adjustments		(78.94)	27.82
Total equity as per Ind AS		943.40	913.94

2 Reconciliation of total comprehensive income for the year ended 31 March 2023-

Particulars	Notes to first time adoption	31 March 2023
Profit after tax as per previous GAAP		136.23
Adjustments:		
- Accounting of government grant as per Ind AS 20	Note - 1	29.12
- Prior period expense relating to deferred and income tax accounted as per Ind AS 8	Note - 2	(134.03)
- Remeasurement of defined benefit obligations reclassified to Other comprehensive income (OCI)	Note - 3	(0.46)
- Deferred tax impacts on above adjustments		(1.70)
Total adjustments		(107.06)
Profit for the year ended 31 March 2023		29.17
Other comprehensive income (OCI)		
- Remeasurement of defined benefit obligations reclassified to Other comprehensive income (OCI)	Note - 3	0.46
- Deferred tax impacts on above adjustment		(0.16)
Total comprehensive income for the year ended 31 March 2023		29.47

3 Impact of restatement adjustment on the cash flows statement for the year ended 31 March 2023

The restatement adjustment has not made a material impact on the statement of cash flows.

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Metalman Micro Tuners

Notes to Financial Statements for the year ended 31 March 2023

(Amount in Rupees million, unless otherwise stated)

Note – 1

Accounting of government grant as per Ind AS 20

Under the previous GAAP, as per AS 12, subsidies received by the partnership firm against the investment made at the manufacturing plants were not routed through Statement of Profit and Loss and directly credited to the Property, plant and equipment on receipt basis. However, under Ind AS, Government grants are recognized when there is reasonable assurance that the grant will be received and credited to the treatment of Profit and Loss when the attached conditions will be complied-with. 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. If grant related to 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.

Note – 2

Prior period expense relating to deferred tax and income tax accounted as per Ind AS 8

Under previous GAAP, there were some errors in the deferred tax computation amounting to Rs. 5.84 million and in Income tax expense amounting to Rs. 3.94 million, these errors have been corrected in these financial statements in accordance with the requirements of Ind AS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors'. Consequently, the partnership firm have restated the deferred tax liability and current tax liability at the date of transition (i.e. 1st April 2022) and correspondingly, tax expenses in the financial year 2022-23.

Note – 3

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

Both under Indian GAAP and Ind AS, the partnership firm recognised costs related to its post-employment defined benefit plan on an actuarial basis. Under Indian GAAP, the entire cost, including actuarial gains and losses, are charged to profit or loss. Under Ind AS, 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 – 4

Retained earnings

Retained earnings as at 1st April 2022 has been adjusted consequent to the above Ind AS transition adjustments.

Note – 5

Other comprehensive income

Under Ind AS, all items of income and expense recognised in a period should be included in profit or loss for the period, unless a standard requires or permits otherwise. Items of income and expense that are not recognised in profit or loss but are shown in the statement of profit and loss as 'other comprehensive income' includes remeasurements of defined benefit plans. The concept of other comprehensive income did not exist under previous GAAP.



Metalman Micro Turners
Balance Sheet as at 31 MARCH 2023
(Amount in Rupees million, unless otherwise stated)

Particulars	Notes	As at	Ind AS	Ind AS
		31 March 2023	adjustments	
ASSETS				
Non-current assets				
Property, plant and equipment	1	1,088.03	57.79	1,145.82
Right of use assets		201.22	-	201.22
Capital work-in-progress		3.86	-	3.86
Intangible assets		0.29	-	0.29
Goodwill		23.57	-	23.57
Financial assets:				
i) Other financial assets		8.26	-	8.26
Deferred tax assets (net)		-	-	-
Current tax assets	2	42.28	(42.28)	-
Other non-current assets		9.62	-	9.62
Total non-current assets		1,377.13	15.51	1,392.64
Current assets				
Inventories		172.00	-	172.00
Financial assets:				
i) Trade receivables		722.94	-	722.94
ii) Cash and cash equivalents		0.60	-	0.60
iii) Bank balances other than cash and cash equivalents		8.79	-	8.79
iv) Other financial assets	1	34.66	29.12	63.79
Other current assets		100.33	-	100.33
Total current assets		1,039.32	29.12	1,068.45
Total Assets		2,416.45	44.63	2,461.09
EQUITY AND LIABILITIES				
Equity				
Partners capital	4	1,022.35	(78.94)	943.40
Total equity		1,022.35	(78.94)	943.40
LIABILITIES				
Non-current liabilities				
Financial liabilities:				
Borrowings		180.00	-	180.00
Deferred tax liabilities (net)	2	36.41	43.05	79.46
Total non-current liabilities		216.41	43.05	259.46
Current liabilities				
Financial liabilities:				
i) Borrowings		277.60	-	277.60
ii) Trade payables				
- total outstanding dues of micro and small enterprises		70.76	-	70.76
- total outstanding dues of creditors other than micro and small enterprises		626.44	-	626.44
iii) Other financial liabilities		31.37	-	31.37
Other current liabilities		108.26	-	108.26
Provisions		3.34	-	3.34
Current tax liabilities (net)	2	59.92	80.53	140.45
Total current liabilities		1,177.69	80.53	1,258.23
Total Equity and Liabilities		2,416.45	44.63	2,461.09

*Column 1 is prepared considering regrouping on account of Schedule III (Division II) requirement.



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Metalman Micro Tuners
Notes to Financial Statements for the year ended 31 March 2023
(Amount in Rupees million, unless otherwise stated)

Reconciliation of Total Comprehensive Income for the year ended March 31, 2023

Particulars	Notes	Regrouped Indian GAAP	Ind AS adjustments	Ind AS
INCOME				
Revenue from operations		4,967.52	-	4,967.52
Other income	1.3	12.73	29.12	41.85
Total Income (I)		4,980.24	29.12	5,009.37
EXPENSES				
Cost of materials consumed		3,787.39	-	3,787.39
Changes in inventories of finished goods and work-in-progress		(26.01)	-	(26.01)
Employee benefits expense	3	163.41	0.46	163.87
Finance costs		39.93	-	39.93
Depreciation and amortisation expense		144.41	-	144.41
Other expenses		684.12	-	684.12
Total expenses (II)		4,793.25	0.46	4,793.71
Profit before tax (I-II)		186.99	28.66	215.66
Tax expense:				
Current tax	2	59.92	119.03	178.95
Deferred tax charge/(credit)	2	(9.15)	16.69	7.54
Total tax expenses		50.77	135.72	186.50
Profit for the year		136.22	(107.06)	29.17
Other Comprehensive Income				
Items that will not be reclassified to profit or loss in subsequent period				
Re-measurement gain on defined benefit plans	3	-	0.46	0.46
Income tax effect	3	-	(0.16)	(0.16)
Other comprehensive income for the year, net of tax		-	0.30	0.30
Total comprehensive income for the year, net of tax		136.22	(106.76)	29.47



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Metalman Micro Turners

Notes to Financial Statements for the year ended 31 March 2023

(Amount in Rupees million, unless otherwise stated)

41. Other statutory information:

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

(ii) ~~The firm has not been declared a willful defaulter by any bank or financial institution or other lender.~~

(iii) Utilisation of Borrowed funds and share premium:

The firm 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 firm (Ultimate Beneficiaries) or

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

The firm 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 firm 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 firm does not have any undisclosed income which is not recorded in the books of account that has been surrendered or disclosed as income during the period (previous year) in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).

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

(vi) No Significant Subsequent events have been observed which may require an adjustments to the special purpose Ind AS financial statements.

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

42. Previous years' figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification/ disclosure.

In terms of our report of even date

For **Dewan P. N. Chopra & Co.**

Chartered Accountants

ICAI Firm Registration No., 000472N

Sandeep Dahiya

Partner

Membership No.: 50537

Place: New Delhi

Date: July, 11 2024

For and on behalf of the Board of Directors of
Metalman Micro Turners



Metalman Auto Limited

(Formerly known as Metalman Auto Private Limited)

through **Nishant Jairath**

Partner



Sachin Bambi

Partner

