



INDEPENDENT AUDITORS' REPORT

To The Members of WELSPUN MICHIGAN ENGINEERS LIMITED
(Formerly known as Michigan Engineers Private Limited)
Report on the Audit of the Financial Statements

Opinion

1. We have audited the accompanying Ind AS Financial Statements of **Welspun Michigan Engineers Limited. (Formerly known as Michigan Engineers Private Limited)** ("the Company") and its joint operations, which comprise the Balance Sheet as at 31st March 2024, the Statement of Profit and Loss (including the statement of Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and Notes to the financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "Ind AS Financial Statement")
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2024, and its profit including other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Ind AS Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("ICAI") together with the ethical requirements that are relevant to our audit of the Ind AS financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS Financial Statements.

Information Other than the Ind AS Financial Statements and Auditor's Report Thereon

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



Our opinion on the Ind AS Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Ind AS Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to communicate the matter to those charged with governance. We have nothing to report in this regard.

Responsibility of Management for the Ind AS Financial Statements

5. The Company's Management and Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Ind AS Financial Statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Ind AS Financial Statements, the Management and Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the company's financial reporting process.

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

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



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

- Identify and assess the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting in preparation of financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Ind AS Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the Ind AS Financial Statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

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

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

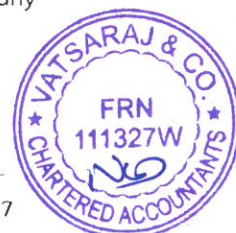


Other Matters

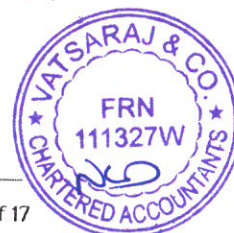
7. The Ind AS Financial Statement also includes the financial statement of 5 unincorporated joint operations which have been audited by other auditor, whose financial statement reflect the Net Total Assets of Rs 1455.67 Lakhs as at 31st March 2024, Company's Share in Total revenue is Rs 17,485.99 Lakhs, Total Profit (net) after tax of Rs 671.07 Lakhs and total comprehensive income (net) of Rs. 671.07 Lakhs for the year ended 31st March, 2024, as considered in these financial results. These Ind AS financial statements / financial information have been audited by other auditors whose report have been furnished to us by the management and our opinion on the Ind AS financial statements, in so far it relates to the amounts and disclosure in respect of the other auditors.
8. The Ind AS Financial Statement include the financial results of 13 unincorporated joint operations which have not been audited by their auditors, whose financial Statements reflect the Net Total Assets of Rs 288.75 Lakhs as at 31st March 2024, Company's Share in Total revenue is Rs 1,818.00 Lakhs, Total Profit (net) after tax of Rs 27.17 Lakhs and total comprehensive income (net) of Rs.27.17 Lakhs for the year ended 31st March, 2024, as considered in these financial statements and other financial information's.
9. These unaudited financial statements / financial information / financial results referred in Para 8 above have been approved and furnished to us by the Management and our opinion on the Statement, in so far as it relates to the amounts and disclosures included in respect of these joint operations is based solely on such unaudited financial statements / financial information. In our opinion and according to the information and explanations given to us by the Management, these financial statements / financial information are not material to the Company.
10. Our opinion on the Ind AS Financial Statements is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors referred in Para 7 and the financial results / financial information certified by the Management referred in Para 8 above.

Report on Other Legal and Regulatory Requirements

11. As required by the Companies (Auditors' Report) Order, 2020 ("the Order") issued by the Central Government in terms of sub-section 11 of Section 143 of the Act, we give in the "Annexure A" of this report a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable. As Company does not have any subsidiary or associate enterprise, hence consolidated financial statements is not prepared. Hence Paragraph 3(xxi) of Companies (Auditor's Report) Order (CARO) is not applicable.
12. As required by Section 143(3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid Ind AS Financial Statement;
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;



- c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Changes in Equity and the statement of Cash Flow dealt with by this Report are in agreement with the books of account;
- d) In our opinion, the aforesaid Ind AS Financial Statements comply with the Indian Accounting Standards specified under Section 133 of the Act;
- e) On the basis of the written representations received from the directors as on 31st March, 2024 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2024 from being appointed as a director in terms of Section 164 (2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company with reference to these Financial Statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure B" to this report;
- g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirement section 197(16) of the Act, as amended:
In our opinion and to the best of our information and according to the explanations given to us, the remunerations paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.
- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations as at 31st March, 2024 on its financial position in its Ind AS financial statements to the extent determinable/ascertainable. – Refer Note 37 to the Ind AS Financial Statements.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
 - iv. (a) The management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kinds of funds) by the Company to or in any other persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company or ("Ultimate Beneficiaries") or provide any guarantee, security or the like to or on behalf of the ultimate Beneficiaries.
(b) The management has represented, that, to the best of its knowledge and belief, no funds have been received by the Company from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, Whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding party ("ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.



- (c) Based on such audit procedures as considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause iv(a) and iv (b) contain any material mis-statement.
- v. During the year no dividend is declared or paid by the company.
- i) With respect to the matter to be included in the Auditors' Report under section Rule 11(g) of Companies (Audit and Auditors) Rules, 2014, based on our examination which included test checks, the company has used SAP B1 software for maintaining its books of account which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software. Further, during the course of our audit we did not come across any instance of audit trail feature being tampered with.
- j) As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable from April 1, 2023, reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules 2014 on preservation of audit trail as per statutory requirements for record retention is not applicable for the financial year ended March 31, 2024.

For Vatsaraj & Co.
Chartered Accountants
FRN: 111327W


CA Nitesh K Dedhia
Partner

M. No.:114893
UDIN: 24114893BKCMWN1878
Mumbai, 17th May, 2024



Annexure A to the Independent Auditors' Report on Ind AS Financial Statements of Welspun Michigan Engineers Limited (Formerly known Michigan Engineers Private Limited) as on 31st March 2024, referred to in paragraph 11 under "Report on Other Legal and Regulatory requirement" section of our report of even date, we report the following:

- i.
 - (a)
 - (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment & right of use assets.
 - (B) The Company has maintained proper records showing full particulars of intangible assets.
 - (b) The property, plant and equipment & right of use assets have been physically verified by the management during the year and no material discrepancies were noticed on such verification. In our opinion, the frequency of physical verification programme adopted by the Company, is reasonable having regard to the size of the Company and the nature of its assets.
 - (c) The title deeds of all the immovable properties held by the Company (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) disclosed in Note 2 to the financial statements are held in the name of the Company.
 - (d) The Company has not revalued its Property, Plant and Equipment, or intangible assets during the year.
 - (e) As per the information and explanations given to us no proceedings have been initiated during the year or are pending against the company as at March 31, 2024 for holding benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.
- ii.
 - (a) The management has conducted physical verification of inventory at reasonable intervals during the year. In our opinion, the coverage and procedure of such verification by the management is appropriate and no discrepancies of 10% or more in the aggregate for each class of inventory were noticed as compared to book records.

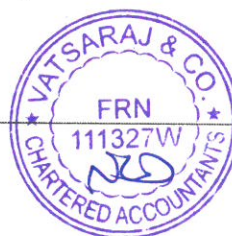


- (b) The Company has been sanctioned working capital limits in excess of five crore rupees, in aggregate, from banks on the basis of security of current assets; according to the information and explanations given to us and on the basis of our examination of the records, the quarterly returns and statements comprising stock and creditors statements, book debt statements and other stipulated financial information filed by the Company with such bank are having difference with the unaudited books of account of the Company, of the respective quarters and those differences are of explainable items and in nature Refer Note 51 to the financial statements.
- iii (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made investments in, provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured, to firms or Limited Liability Partnerships.

The Company has provided unsecured loans to others and guarantees to Joint venture in respect of which the requisite information is as below clause based on information and explanation received from the management and our examination:

| Particulars | Bank Guarantees (In Lakhs) | Loans- unsecured (In Lakhs) |
|--|-------------------------------|-----------------------------------|
| Aggregate amount granted /provided during the year | | |
| Joint Operations | 974.44 | - |
| Others | - | 600 |
| Balance Outstanding as at balance sheet date in respect of the above cases | | |
| Joint Operations | 3,750.82 | - |
| Other | - | NIL |
| | | |

- (b) In our opinion, the Loan and guarantee provided by the Company are prima facie, not prejudicial to the interest of the company



- (c) In respect of loans granted by the Company, the schedule of repayment of principal and payment of interest has been stipulated and the repayments/receipts of principal and interest are regular.
 - (d) There is no overdue amount in respect of the loans granted to such other parties.
 - (e) The Company had granted loans which had not fallen due during the year but were repaid before the due date.
 - (f) The Company has not granted any loan(s) or advance(s) in the nature of loan(s), which are repayable on demand or without specifying any terms or period of repayment.
- iv According to the information and explanations given to us and on the basis of our examination of records of the Company, the Company has complied with the relevant provisions of Sections 185 and 186 of the Companies Act, 2013 ("the Act") in respect of granting of loans and guarantees.
- v In our opinion, and according to the information and explanations given to us, the Company has not accepted any deposits or there are no amounts which have been deemed to be deposits within the meaning of sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, reporting under clause 3(v) of the Order is not applicable to the Company.
- vi The Central Government has not specified maintenance of cost records under sub-section (1) of section 148 of the Act, in respect of Company's products/ services / business activities. Accordingly, reporting under clause 3(vi) of the Order is not applicable.
- vii (a) In our opinion, and according to the information and explanations given to us, the Company is regular in depositing undisputed statutory dues including goods and services tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, with the appropriate authorities. Further, no undisputed amounts payable in respect thereof were outstanding at the year-



end for a period of more than six months from the date they became payable except for following:

The year wise break-up of dues still outstanding for more than six months are as under:

| Name of the Statute | Nature of Dues | Amount (Rs. In lakhs) | Period to which the amount relates |
|--|----------------|-----------------------|------------------------------------|
| Employee's Provident Funds and Miscellaneous Provision Act, 1952 | Provident Fund | 1.41 | FY 2022-23 |
| | Payable | 0.30 | FY 2023-24 |

- (b) According to the information and explanation given to us, there are no disputed dues which have not been deposited as on March 31, 2024, except for the following:

| Name of Statute | Nature of Dues | Amount (Rs. In Lakhs) | Period to which it relates | Forum Where pending |
|-------------------------|----------------|-----------------------|----------------------------|--------------------------------------|
| The Finance Act 1994 | Service Tax | 1,271.85 | 01-04-06 to 31-03-13 | Remand back to Assessing Officer |
| The Income Tax Act 1961 | Tax Demand | 3.79 | FY 2012-13 | Commissioner of Income Tax (Appeals) |
| | | 2.93 | FY 2017-18 | |
| | | 4.58 | FY 2019-20 | |
| | | 643.03 | FY 2021-22 | |

- viii According to the information and explanations given to us, no transactions were surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961) which have not been previously recorded in the books of accounts.



- ix
- (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender during the year.
 - (b) According to the information and explanations given to us including and confirmations received from banks and on the basis of our audit procedures, we report that the Company has not been declared a willful defaulter by any bank or financial institution or government or any government authority.
 - (c) In our opinion and according to the information and explanations given to us, money raised by way of term loans were applied for the purposes for which these were obtained.
 - (d) According to the information and explanations given to us, and the procedures performed by us, and on an overall examination of the financial statements of the company, we report that no funds raised on short-term basis have been used for long-term purposes by the company.
 - (e) According to the information and explanations given to us and on an overall examination of the financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its joint operations. The Company does not have any investment in Subsidiary or Associates.
 - (f) The Company does not hold any investment in any subsidiary, associate (as defined under the Act) during the year ended 31st March 2024. During the year Company has not pledge any securities held in Joint operations.
- x
- (a) According to the information and explanation given to us and based on the records of the Company examined by us, the Company has not raised any money by way of initial public offer or further public offer (including debt instruments), during the year. Accordingly, reporting under clause 3(x)(a) of the Order is not applicable to the Company.
 - (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or (fully, partially or



- optionally) convertible debentures during the year. Accordingly, reporting under clause 3(x)(b) of the Order is not applicable to the Company.
- xi (a) To the best of our knowledge and belief and according to the information and explanation given to us, no fraud by the Company or no material fraud on the Company has been noticed or reported during the year.
- (b) According to the information and explanations given to us, no report under sub-section (12) of section 143 of the Act has been filed by the auditors in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government during the year.
- (c) As represented to us by the Management, there are no whistle blower complaints received by the Company during the year.
- xii In our opinion and according to information and explanations given to us, Company is not a Nidhi Company. Therefore, reporting under clause 3(xii) of the Order is not applicable to the Company.
- xiii According to the information and explanation given to us and based on our verification of the records of the Company the all transactions with related parties are in compliance with Section 177 where applicable and 188 of the Act where applicable and the details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- xiv (a) In our opinion and based on our examination, the Company has an internal audit system as per the provisions of section 138 of the Companies Act, 2013 commensurate with the size and nature of its business.
- (b) We have considered, the internal audit reports issued to the company for the period under audit.
- xv According to the information and explanation given to us, the Company has not entered into any non-cash transactions with its directors or persons connected with its directors and accordingly, reporting under clause 3(xv) of the Order with respect to compliance with the provisions of section 192 of the Act are not applicable to the Company.
- xvi (a) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, reporting under clause 3(xvi)(a) of the Order are not applicable to the Company.



- (b) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, reporting under clause 3(xvi)(b) of the Order is not applicable.
- (c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, reporting under clause 3(xvi)(c) of the Order is not applicable.
- (d) Based on the information and explanations given to us and as represented by the management of the Company, the Group (as defined in Core Investment Companies (Reserve Bank) Directions, 2016) has three CICs which are not required to be registered with the Reserve Bank of India.
- xvii The Company has not incurred any cash losses in the current financial year as well as the immediately preceding financial year.
- xviii There has been no resignation of the statutory auditors during the year. Accordingly, reporting under clause 3(xviii) of the Order is not applicable to the Company.
- xix According to information and explanation given to us and on the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts upto to the date of Audit report and we neither give any guarantee nor any assurance that all the liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- xx According to the information and explanations given to us, the Company has fully spent the required amount towards Corporate Social Responsibility (CSR) and



specified in Schedule VII of the Act or special account in compliance with the provision of sub-section (6) of section 135 of the said Act. Accordingly, reporting under clause 3(xx) of the Order is not applicable for the year.

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

For Vatsaraj & Co.
Chartered Accountants
FRN: 111327W



CA Nitesh K Dedhia
Partner

M. No.:114893

Mumbai, 17th May, 2024



ANNEXURE B to Independent Auditors' Report on the Ind AS Financial Statement of Welspun Michigan Engineers Limited (Formerly known as Michigan Engineers Private Limited), Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Act, referred to in paragraph 2(f) under "Report on Other Legal and Regulatory requirement" section of our report of even date.

We have audited the internal financial controls over financial reporting of **Welspun Michigan Engineers Limited** (Formerly known as Michigan Engineers Private Limited) ("the Company") as of 31st March, 2024 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI').

These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.



Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

- (1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
- (3) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the Ind AS financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting with reference to these Financial Statements and such internal financial



controls over financial reporting were operating effectively as at 31st March, 2024, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Vatsaraj & Co.
Chartered Accountants
FRN: 111327W



CA Nitesh K Dedhia

Partner

M. No.:114893

Mumbai, 17th May, 2024



WELSPUN MICHIGAN ENGINEERS LIMITED (formerly known as MICHIGAN ENGINEERS PRIVATE LIMITED)
Balance Sheet as at March 31, 2024

Amount in Rs. Lakhs

| As at March 31, | | 2024 | 2023 |
|--|-------|------------------|------------------|
| | Notes | | |
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | 2 | 12,824.68 | 5,931.13 |
| Capital work-in-progress | 2 | 17.48 | - |
| Intangible assets | 2 | 27.38 | 3.17 |
| Right to use of lease assets | 2 | 41.88 | 87.56 |
| Financial assets | | | |
| Other financial assets | 3 | 138.63 | 619.81 |
| Other Non-current assets | 4 | 551.18 | 382.49 |
| Deferred tax assets (net) | 21 | 1,706.88 | 636.64 |
| Non-current tax assets (net) | 21 | 839.55 | 528.49 |
| Current assets | | | |
| Inventories | 5 | 11,624.05 | 6,723.90 |
| Financial assets | | | |
| Trade receivables | 6 | 2,242.88 | 2,970.72 |
| Cash and cash equivalents | 7 | 1,596.70 | 292.89 |
| Other bank balances | 8 | 315.45 | 92.66 |
| Other financial assets | 9 | 8,560.29 | 9,233.60 |
| Other current assets | 10 | 2,492.07 | 2,495.87 |
| Total Assets | | 42,979.11 | 29,998.91 |
| EQUITY AND LIABILITIES | | | |
| EQUITY | | | |
| Equity share capital | 11 | 173.57 | 173.57 |
| Money Received Against Share Warrants | 11 | 1.30 | - |
| Other equity | 12 | 21,637.62 | 19,838.41 |
| LIABILITIES | | | |
| Non-current liabilities | | | |
| Financial liabilities | | | |
| Lease Rent Liability | | - | 36.55 |
| Borrowings | 13 | 2,472.79 | 297.56 |
| Other financial liabilities | 14 | 1,506.99 | 1,931.57 |
| Provisions | 15 | 4,611.91 | 123.39 |
| Current liabilities | | | |
| Financial liabilities | | | |
| Borrowings | 16 | 964.51 | 837.62 |
| Trade payables | | | |
| a) Total Outstanding Dues of Micro enterprises and Small enterprises. | 17 | 619.45 | 496.31 |
| b) Total Outstanding Dues for Creditors other than micro enterprises and small enterprises | 17 | 7,103.87 | 4,557.83 |
| Lease Rent Liability | | 36.55 | 46.30 |
| Other financial liabilities | | - | - |
| Other financial liabilities | 18 | 130.11 | - |
| Other current liabilities | 19 | 2,634.67 | 937.51 |
| Provisions | 20 | 24.55 | 9.21 |
| Current tax liabilities (net) | 21 | 1,061.21 | 713.08 |
| Total Equity and Liabilities | | 42,979.11 | 29,998.91 |

Notes forming part of financial statements

2 - 56

In terms of our report of even date attached

For Vatsaraj & Co.
Chartered Accountants
Firm Regn. No. : 111327W

CA. Nitesh K Dedhia
Partner
Membership No. 114893

Place : Mumbai
Date : 17 May 2024



For and on behalf of Board

(Signature)
Saum M. Patel
Managing Director
DIN: 00909324

Place : Mumbai
Date : 17 May 2024

(Signature)
Santosh Kumar Verma
Whole-Time Director
DIN: 07994000

Place : Mumbai
Date : 17 May 2024



WELSPUN MICHIGAN ENGINEERS LIMITED (formerly known as MICHIGAN ENGINEERS PRIVATE LIMITED)

Statement of Profit & Loss

Amount in Rs. Lakhs

| For the period ended , | | 31st March 2024 | 31st March 2023 |
|--|-------|------------------|------------------|
| | Notes | | |
| INCOME | | | |
| Revenue from operations | 23 | 40,989.04 | 31,344.17 |
| Other Income | 24 | 564.94 | 612.83 |
| Total Income | | 41,553.98 | 31,957.00 |
| EXPENSES | | | |
| Cost of Construction | 25 | 28,562.43 | 21,527.19 |
| Employee benefits expense | 26 | 1,886.78 | 1,473.96 |
| Finance costs | 27 | 655.33 | 666.49 |
| Depreciation and amortisation expense | 2 | 1,839.07 | 1,240.40 |
| Other expenses | 28 | 1,258.44 | 2,027.51 |
| Total expenses | | 34,202.05 | 26,935.55 |
| Profit/ (loss) before exceptional items and tax (I-II) | | 7,351.93 | 5,021.45 |
| Exceptional items (Expense) | 29 | 4,376.95 | - |
| Profit / (Loss) before tax | | 2,974.98 | 5,021.45 |
| Tax expense / (benefit) | | | |
| Current tax | 21 | 2,239.33 | 1,536.55 |
| Adjustment of tax relating to earlier periods | 21 | 3.11 | (2.14) |
| Deferred tax expense/(benefit) | 21 | (1,069.21) | (30.17) |
| Total tax expense / (benefit) | | 1,173.23 | 1,504.24 |
| Profit / (Loss) for the year from continuing operations | | 1,801.75 | 3,517.21 |
| Other comprehensive income | | | |
| A. Items that will not be reclassified to profit or loss: | | | |
| Re-measurement gain / (loss) on defined benefit plans | | (3.57) | 1.68 |
| Income tax effect on above | 21 | 1.03 | (0.49) |
| Net other comprehensive income not to be reclassified to profit or loss | | | |
| B. Items that will be reclassified to profit or loss: | | | |
| Net gain / (loss) on instruments carried at fair value through OCI | | - | - |
| Income tax effect on above | | - | - |
| Total other comprehensive income / (loss), net of tax (A+B) | | (2.54) | 1.19 |
| Total comprehensive income / (loss) for the year | | 1,799.21 | 3,518.40 |
| Earning per equity share of Rs.10 each (basic and diluted) | | | |
| Continuing Operations | | 103.66 | 202.71 |
| Discontinued Operations | | - | - |
| Continuing & Discontinued Operations | | 103.66 | 202.71 |
| Diluted EPS | | 96.56 | - |

Notes forming part of financial statements


2 - 56

In terms of our report of even date attached

For Vatsaraj & Co.

Chartered Accountants

Firm Regn. No. : 111327W


CA. Nitesh K Dedhia
Partner
Membership No. 114893




Place : Mumbai
Date : 17 May 2024

For and on behalf of Board


Saurin M. Patel
Managing Director
DIN: 00909324

Place : Mumbai
Date : 17 May 2024


Santosh Kumar Verma
Whole-Time Director
DIN: 07994000

Place : Mumbai
Date : 17 May 2024



WELSPUN MICHIGAN ENGINEERS LIMITED (formerly known as MICHIGAN ENGINEERS PRIVATE LIMITED)

Statement of Cash flow

(Amount in Rs. Lakhs)

| For the year ended 31st March, | 31st March 2024 | 31st March 2023 |
|--|--------------------------|--------------------------|
| Cash flow from operating activities | | |
| 1. Profit before tax | 2,974.98 | 5,021.45 |
| Loss from continuing operations | - | - |
| Profit from discontinued operations | - | - |
| | <u>2,974.98</u> | <u>5,021.45</u> |
| 2. Adjustment for : | | |
| Depreciation and amortisation expense | 1,839.07 | 1,240.40 |
| Finance cost | 655.33 | 666.49 |
| Interest income | (286.27) | (116.42) |
| Dividend income | - | - |
| Bad debts | - | - |
| Provision for doubtful debts | - | - |
| Assets not eligible for recognition under Ind AS | - | - |
| Loss on sale of property, plant and equipment, net | 1.86 | 5.71 |
| Gain on sale of property, plant and equipment, net | (4.88) | - |
| Unrealised foreign exchange rate difference (gain)/loss, net | - | - |
| Excess provision written back | - | - |
| Profit on sales of investment in shares | - | - |
| Operating profit before working capital changes (1+2) | <u>5,180.09</u> | <u>6,817.63</u> |
| 3. Adjustments for working capital changes: | | |
| Decrease / (Increase) in Trade and other receivables | 1,236.25 | (3,635.46) |
| Decrease / (Increase) in Inventories | (4,900.16) | (186.70) |
| (Decrease) / Increase in Trade and other payables | 8,530.73 | (1,505.77) |
| Cash used in operations | <u>10,046.91</u> | <u>1,489.70</u> |
| Extraordinary item | | |
| 4. Direct taxes (paid)/refund | <u>(2,208.94)</u> | <u>(1,046.90)</u> |
| Net Cash generated from/(used in) operating activities [A] | <u>7,837.98</u> | <u>442.79</u> |
| Cash Flow from investing activities | | |
| Proceeds from (Purchase) of fixed assets | (8,740.43) | (1,205.57) |
| Proceeds from sale of fixed assets | 16.69 | 15.44 |
| (Purchase) / Proceeds of current investments (Net) | - | - |
| (Increase)/Decrease in amount due to receivable on slump sale of Injectable Business | - | - |
| Investment in subsidiary companies | - | - |
| Purchase of non current investments (Net) | - | - |
| Dividend received | - | - |
| Interest received | 286.27 | 116.42 |
| Loss on sale of property, plant and equipment, net | (1.86) | (5.71) |
| Net cash generated from/(used in) investing activities [B] | <u>(8,439.33)</u> | <u>(1,079.42)</u> |
| Cash flow from financing activities | | |
| Proceeds from long term borrowings, net | 2,175.23 | 137.56 |
| Proceeds from short term borrowings, net | 126.89 | 681.19 |
| Dividend paid (including tax impact thereon) | - | - |
| Finance cost | (655.33) | (666.49) |
| Net cash generated from/(used in) financing activities [C] | <u>1,646.78</u> | <u>152.25</u> |
| Net increase/(decrease) in cash & cash equivalents [A+B+C] | <u>1,045.43</u> | <u>(484.37)</u> |
| Cash & cash equivalents at the beginning of the year | 1,005.36 | 1,489.73 |
| Cash & cash equivalents at the end of the year | <u>2,050.79</u> | <u>1,005.36</u> |

Notes:

1 A) Components of cash & cash equivalents

| | | |
|-----------------------------|-----------------|---------------|
| Cash on hand | 4.06 | 49.24 |
| Cheques on hand | - | - |
| Balances with banks | | |
| - In Current accounts | 1,187.21 | 99.83 |
| - In Margin money | - | - |
| - In Fixed deposit accounts | 405.44 | 143.82 |
| | <u>1,596.70</u> | <u>292.89</u> |

B) Cash and cash equivalents not available for immediate use

| | | |
|---|---------------|---------------|
| In Margin money and fixed deposit accounts | 454.09 | 712.47 |
| Unclaimed share application money lying in escrow account | - | - |
| Unclaimed dividend account | - | - |
| | <u>454.09</u> | <u>712.47</u> |

Cash & cash equivalents as per Note 13 (A+B)

| | | |
|--|------------------------|------------------------|
| | <u>2,050.79</u> | <u>1,005.36</u> |
|--|------------------------|------------------------|

2 The amendments to IND-AS 7 Cash Flow Statements requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financial activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the Balance Sheet for liabilities arising from financing activities, to meet the disclosure requirement. This amendment has become effective from 1st April, 2017 and the required disclosure is made below. There is no other impact on the financial statements due to this amendment.

3 The above cashflow statement has been prepared under the 'indirect method' as set out in the Indian Accounting Standard - 7 "Statement of Cash Flows".

4 The previous year's figures have been regrouped wherever necessary.

In terms of our report of even date attached

For Vatsaraj & Co.
Chartered Accountants
Firm Regn. No. : 111327W

CA. Nitesh K Dedhia
Partner
Membership No. 114893

Place : Mumbai
Date : 17 May 2024



For and on behalf of Board

Saunh M. Patel
Saunh M. Patel
Managing Director
DIN: 00909324

Place : Mumbai
Date : 17 May 2024

Santosh Kumar Verma
Santosh Kumar Verma
Whole-Time Director
DIN: 07994000

Place : Mumbai
Date : 17 May 2024



WELSPUN MICHIGAN ENGINEERS LIMITED (formerly known as MICHIGAN ENGINEERS PRIVATE LIMITED)

Statement of changes in equity for the period ended on March 31, 2024

A. Equity share capital

(Amount in Rs. Lakhs)


| | |
|---|---------------|
| Balance as at April 1, 2022 | 173.57 |
| Changes in Equity share capital during the year | - |
| Balance as at March 31, 2023 | 173.57 |
| | |
| Balance as at April 1, 2023 | 173.57 |
| Changes in Equity share capital during the year | - |
| Balance as at March 31, 2024 | 173.57 |

B. Other equity

| Particulars | Reserves and Surplus | | | Other items of Other Comprehensive Income | Total |
|--|----------------------|------------------|-------------------|---|------------------|
| | General Reserve | Security premium | Retained Earnings | | |
| Balance as at April 1, 2022 | 4,073.45 | 826.44 | 11,416.60 | 3.45 | 16,319.93 |
| Profit for the year | - | - | 3,517.29 | - | 3,517.29 |
| On account of IND AS adjustments | - | - | - | - | - |
| Items of OCI, net of tax | - | - | - | - | - |
| Re-measurement losses on defined benefit plans | - | - | - | 1.19 | 1.19 |
| Dividend including tax impact thereon | - | - | - | - | - |
| Balance as at March 31, 2023 | 4,073.45 | 826.44 | 14,933.89 | 4.64 | 19,838.41 |
| | | | | | |
| Balance as at April 1, 2023 | 4,073.45 | 826.44 | 14,933.89 | 4.64 | 19,838.41 |
| Profit for the year | - | - | 1,801.75 | - | 1,801.75 |
| Items of OCI, net of tax | - | - | - | - | - |
| Re-measurement losses on defined benefit plans | - | - | - | (2.54) | (2.54) |
| Dividend including tax impact thereon | - | - | - | - | - |
| Balance as at March 31, 2024 | 4,073.45 | 826.44 | 16,735.64 | 2.10 | 21,637.62 |

In terms of our report of even date attached


For Vatsaraj & Co.
Chartered Accountants
Firm Regn. No. : 111327W


CA. Nitesh K Dedhia
Partner
Membership No. 114893



For and on behalf of Board

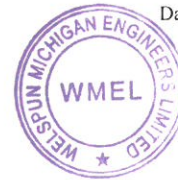

Saurin M. Patel
Managing Director
DIN: 00909324


Santosh Kumar Verma
Whole-Time Director
DIN: 07994000

Place : Mumbai
Date : 17 May 2024

Place : Mumbai
Date : 17 May 2024

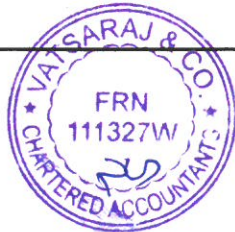
Place : Mumbai
Date : 17 May 2024



NOTES TO FINANCIAL STATEMENTS

2 Property, Plant and Equipment:

| Particulars | Gross Block (At Cost) | | | Depreciation | | Net Block | |
|---|-----------------------|--|------------------|-----------------|--|-----------------|-------------------------------------|
| | As on 31.03.2023 | Additions (Deductions) during the Period | As on 31.3.2024 | Upto 31.03.2023 | Provided/ (Deductions) during the Period | Upto 31.3.2024 | As on 31.03.2023 As on 31.3.2024 |
| A) Tangible Assets | | | | | | | |
| Land | 1,580.72 | - | 1,580.72 | - | - | - | 1,580.72 |
| Factory Building | 357.79 | - | 357.79 | 263.04 | 8.05 | 271.09 | 86.70 94.75 |
| Office Premises | 0.85 | - | 0.85 | 0.39 | 0.03 | 0.42 | 0.43 0.46 |
| Plant and Machinery | 10,923.68 | 8,410.49 (25.63) | 19,308.54 | 6,884.41 | 1,663.80 (17.70) | 8,530.51 | 4,039.27 |
| Office Equipments | 35.08 | 17.17 (0.28) | 51.96 | 24.40 | 7.94 (0.24) | 32.10 | 19.87 10.68 |
| Furniture and Fixtures | 25.19 | 4.69 | 29.88 | 14.99 | 2.51 | 17.50 | 12.38 10.20 |
| Office Containers | 125.41 | 124.93 | 250.34 | 85.36 | 24.02 | 109.38 | 140.96 40.05 |
| Motor Lorries | 101.70 | 75.93 | 177.63 | 68.99 | 31.66 | 100.65 | 76.98 32.71 |
| Motor Cars | 227.97 | 29.61 (52.33) | 205.24 | 114.55 | 40.99 (48.50) | 107.03 | 98.21 113.42 |
| Computers | 26.97 | 34.45 (0.01) | 61.41 | 18.10 | 12.91 | 31.01 | 30.40 8.87 |
| Total A | 13,405.36 | 8,697.26 (78.25) | 22,024.37 | 7,474.23 | 1,791.91 (66.44) | 9,199.69 | 12,824.68 5,931.13 |
| B) Capital Work-in-Progress | | | | | | | |
| Plant and Machinery | - | 17.48 | 17.48 | - | - | - | 17.48 |
| Motor Lorries | - | - | - | - | - | - | - |
| Software | - | - | - | - | - | - | - |
| Total B | - | 17.48 | 17.48 | - | - | - | 17.48 |
| C) Intangible Assets | | | | | | | |
| Computer Softwares | 50.41 | 25.69 | 76.10 | 47.24 | 1.48 | 48.72 | 27.38 3.17 |
| Total C | 50.41 | 25.69 | 76.10 | 47.24 | 1.48 | 48.72 | 27.38 3.17 |
| D) Right to use Assets | | | | | | | |
| Right to use of lease assets (Building) | 137.05 | - | 137.05 | 49.49 | 45.68 | 95.17 | 41.88 87.56 |
| Total D | 137.05 | - | 137.05 | 49.49 | 45.68 | 95.17 | 41.88 87.56 |
| Total A + B + C + D | 13,592.82 | 8,740.43 (78.25) | 22,255.01 | 7,570.96 | 1,839.07 (66.44) | 9,343.59 | 12,911.4 6,021.86 |
| Previous Year | 12,542.10 | 1,205.57 (154.85) | 13,592.82 | 6,469.97 | 1,240.40 (139.41) | 7,570.96 | 6,021.86 6,021.86 |



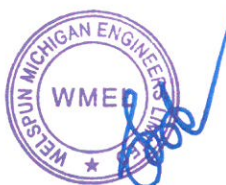
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NOTES TO FINANCIAL STATEMENTS

Amount in Rs. Lakhs

| For the year ended 31st March, | <u>2024</u> | <u>2023</u> | | | | |
|--|---|------------------------|------------------|------------------|--------------------------|-----------------|
| | Rs. | Rs. | | | | |
| 3 Other Non current financial assets | | | | | | |
| In Fixed Deposits with maturity more than 12 months | 138.63 | 619.81 | | | | |
| | <u>138.63</u> | <u>619.81</u> | | | | |
| 4 Other Non current assets | | | | | | |
| Capital Advances | 551.18 | 382.49 | | | | |
| | <u>551.18</u> | <u>382.49</u> | | | | |
| 5 Inventories: | | | | | | |
| Materials and Stores | 5,060.21 | 2,637.51 | | | | |
| Work In Progress | 6,563.84 | 4,086.39 | | | | |
| (As technically valued and certified by the Management) | <u>11,624.05</u> | <u>6,723.90</u> | | | | |
| 6 Trade Receivables: | | | | | | |
| Trade Receivables from Other | 2,242.88 | 2,970.72 | | | | |
| Total Trade Receivables | <u>2,242.88</u> | <u>2,970.72</u> | | | | |
| Break up of Security Details | | | | | | |
| Secured, considered Good | | | | | | |
| Un-Secured, considered Good | 2,242.88 | 2,970.72 | | | | |
| Doubtful | - | - | | | | |
| Total | <u>2,242.88</u> | <u>2,970.72</u> | | | | |
| Allowance for Doubtful trade Receivable | - | - | | | | |
| Total Trade Receivables | <u>2,242.88</u> | <u>2,970.72</u> | | | | |
| Trade Receivable ageing schedule as on 31st March, 2024 | | | | | | |
| | Outstanding for following periods from due date of payment | | | | | |
| Particulars | Less than 6 months | 6 months 1 year | 1-2 years | 2-3 years | More than 3 years | Total |
| (i) Undisputed Trade Receivables – considered good | 2,008.03 | 166.59 | 52.52 | | 15.73 | 2,242.88 |
| (ii) Undisputed Trade Receivables – considered doubtful | - | - | - | - | - | - |
| (iii) Disputed Trade Receivables – considered good | - | - | - | - | - | - |
| (iv) Disputed Trade Receivables – considered doubtful | - | - | - | - | - | - |
| Total | <u>2,008.03</u> | <u>166.59</u> | <u>52.52</u> | <u>-</u> | <u>15.73</u> | <u>2,242.88</u> |
| Trade Receivable ageing schedule as on 31st March, 2023 | | | | | | |
| | Outstanding for following periods from due date of payment | | | | | |
| Particulars | Less than 6 months | 6 months 1 year | 1-2 years | 2-3 years | More than 3 years | Total |
| (i) Undisputed Trade Receivables – considered good | 2,367.89 | 327.44 | 89.10 | 70.31 | 115.97 | 2,970.72 |
| (ii) Undisputed Trade Receivables – considered doubtful | - | - | - | - | - | - |
| (iii) Disputed Trade Receivables – considered good | - | - | - | - | - | - |
| (iv) Disputed Trade Receivables – considered doubtful | - | - | - | - | - | - |
| Total | <u>2,367.89</u> | <u>327.44</u> | <u>89.10</u> | <u>70.31</u> | <u>115.97</u> | <u>2,970.72</u> |
| 7 Cash and cash Equivalents: | | | | | | |
| Balance with Banks : | | | | | | |
| In current Accounts | | | | 1,187.21 | | 99.83 |
| In Fixed Deposits with maturity less than 3 months | | | | 405.44 | | 143.82 |
| | | | | <u>1,592.65</u> | | <u>243.65</u> |
| Cash on Hand | | | | 4.06 | | 49.24 |
| | | | | <u>1,596.70</u> | | <u>292.89</u> |
| 8 Other bank balances | | | | | | |
| In Fixed Deposits with maturity more than 3 months & less than 12 months | | | | 315.45 | | 92.66 |
| | | | | <u>315.45</u> | | <u>92.66</u> |
| 9 Other current Financial Assets | | | | | | |
| Retention Deposit | | | | 5,333.40 | | 4,671.71 |
| Security Deposit | | | | 1,049.75 | | 293.18 |
| Other Deposit | | | | 1,371.91 | | 3,758.18 |
| Other Financial Assets | | | | 805.23 | | 510.53 |
| | | | | <u>8,560.29</u> | | <u>9,233.60</u> |
| 10 Other current assets | | | | | | |
| Prepaid expenses | | | | 995.01 | | 601.13 |
| Advances to employees | | | | 5.34 | | 5.78 |
| Advances to suppliers | | | | 396.32 | | 389.28 |
| Balance with statutory authorities | | | | 1,002.97 | | 1,413.10 |
| Other advances | | | | 92.43 | | 86.58 |
| | | | | <u>2,492.07</u> | | <u>2,495.87</u> |



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NOTES TO FINANCIAL STATEMENTS

Amount in Rs. Lakhs

| For the year ended 31st March, | 2024 | | 2023 | |
|---|------------------|-----------------|------------------|-----------------|
| | Number | Rs. | Number | Rs. |
| 11 Share Capital: | | | | |
| a) Authorised: | | | | |
| Equity Shares of Rs.10/- each. | 1,50,00,000 | 1,500.00 | 1,50,00,000 | 1,500.00 |
| | | <u>1,500.00</u> | | <u>1,500.00</u> |
| b) Issued, Subscribed and fully paid up: | | | | |
| Equity Shares of Rs.10/- each | 17,35,720 | 173.57 | 17,35,720 | 173.57 |
| | | <u>173.57</u> | | <u>173.57</u> |
| c) Issued, Share warrant to the Director | 1,30,179 | 1.30 | - | - |
| Share Warrant of Rs. 10/- Each (Amount received Rs. 1/- each) | | <u>1.30</u> | | <u>-</u> |
| d) Shares held by Company, | | | | |
| Patel Engineering Limited | 1,73,398 | | 8,85,220 | |
| Authum Investment and Infrastructure Limited | 1,90,061 | | - | |
| Sansaar Housing Finance Limited | 1,90,061 | | - | |
| Fornido Developers Limited | 69,603 | | - | |
| Welspun Enterprises Limited | 8,69,596 | | - | |
| | <u>14,92,719</u> | | <u>8,85,220</u> | |
| e) Reconciliation of Equity Shares outstanding at the beginning and at end of the period | | | | |
| | Number | | Number | |
| Balance as on April 1st | 17,35,720 | | 17,35,720 | |
| Issued during the year | - | | - | |
| Balance as on March 31st | 17,35,720 | | 17,35,720 | |
| f) Shares held by each shareholder more than 5% and Promoters | | | | |
| | <u>Number</u> | <u>%</u> | <u>Number</u> | <u>%</u> |
| Name of the shareholder | | | | |
| Patel Engineering Limited | 1,73,398 | 9.99 | 8,85,220 | 51 |
| Saurin Manubhai Patel | 2,43,001 | 14.00 | 8,50,500 | 49 |
| Authum Investment and Infrastructure Limited | 1,90,061 | 10.95 | - | - |
| Sansaar Housing Finance Limited | 1,90,061 | 10.95 | - | - |
| Welspun Enterprises Limited | 8,69,596 | 50.10 | - | - |
| | <u>16,66,117</u> | <u>95.99</u> | <u>17,35,720</u> | <u>100.00</u> |
| g) Terms/rights attached to shares: | | | | |
| The Company has only one class of equity shares having a par value of Rs.10 per share. Each holder of equity shares is entitled to one vote per share. | | | | |
| During the year the company have issued 130179 share warrant to the Director @ the price of Rs 985. Rs. 1/- being the call money is received, balance Rs. 9/- will be called at the time of the conversation of the share warrant. | | | | |
| In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the no. of equity shares held by the shareholder. | | | | |

12 Other equity

Refer to the statement of changes in equity for movement in Other equity.

Nature and purpose of reserves

Security Premium

The amount received in excess of face value of the equity shares, in relation to issuance of equity, is recognised in Securities Premium Reserve.

General reserve

General reserve is created from time to time by way of transfer profits from retained earnings for appropriation purposes. General reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income.

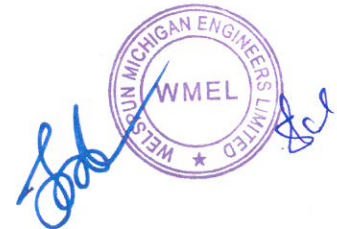
Retained earnings

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



NOTES TO FINANCIAL STATEMENTS

| | | Amount in Rs. Lakhs | |
|--------------------------------|---|---------------------|-----------------|
| For the year ended 31st March, | | <u>2024</u> | <u>2023</u> |
| | | Rs. | Rs. |
| 13 | <u>Non current Borrowings :</u> | | |
| | Secured Loans | | |
| | Term Loans | | |
| | - From Banks | 2,387.68 | 297.56 |
| | - From Others | 85.11 | - |
| | | <u>2,472.79</u> | <u>297.56</u> |
| a) | Term Loans : Banks | | |
| | Secured by Hypothecation of specified motor vehicles/machinaries acquired under the said loans. Repayment is over 3 years. | | |
| | Interest rate 8.75% to 10.02% | | |
| | Top up loan has been taken during the year of INR 5.7 crores and secured by Hypothecation of TBM machine. Repayment is over 2 years. | | |
| | Interest rate 11.00% | | |
| | Loan has been taken during the year of INR 20 crores and secured by Hypothecation of TBM machine. Repayment is over 3 years. | | |
| | Interest rate 10.5% | | |
| | Buyers Credit for purchase of TBM. Repayment is over 2 years. Interest rate 4.08% | | |
| b) | Term Loans : From Others | | |
| | Secured by Hypothecation of specified motor vehicles/machinaries acquired under the said loans. Repayment is over 2 years. | | |
| | Interest rate 10.25% to 10.8% | | |
| 14 | <u>Other Non current financial liabilities</u> | | |
| | Retention Payables | <u>1,506.99</u> | <u>1,931.57</u> |
| | | <u>1,506.99</u> | <u>1,931.57</u> |
| 15 | <u>Provisions:</u> | | |
| | Provisions for gratuity | 203.24 | 103.42 |
| | Provisions for leave entitlement | 31.73 | 19.98 |
| | Provisions for Service Tax | 4,376.95 | - |
| | | <u>4,611.91</u> | <u>123.39</u> |
| 16 | <u>Current Borrowings</u> | | |
| | Current Maturities of Long-term debts | | |
| | - From Banks | 848.04 | 316.31 |
| | - From Others | 116.47 | - |
| | From Banks | | |
| | - Cash Credit | - | 521.31 |
| | | <u>964.51</u> | <u>837.62</u> |
| a) | Term Loans : Banks | | |
| | Secured by Hypothecation of specified motor vehicles/machinaries acquired under the said loans. Interest rate 8.75% to 11.00% | | |
| b) | Term Loans : Others | | |
| | Secured by Hypothecation of specified motor vehicles/machinaries acquired under the said loans. Repayment is over 1-3 years. Interest rate 10.25% to 10.46% | | |



NOTES TO FINANCIAL STATEMENTS

Amount in Rs. Lakhs

For the year ended 31st March,

| | <u>2024</u> | <u>2023</u> |
|--|-----------------|-----------------|
| | Rs. | Rs. |
| 17 Trade Payables | | |
| a) Total Outstanding Dues of Micro enterprises and Small enterprises.(Refer Note) | 619.45 | 496.31 |
| b) Total Outstanding Dues for creditors other than micro enterprises and small enterprises | 7,103.87 | 4,557.83 |
| | <u>7,723.32</u> | <u>5,054.14</u> |

Note:

Disclosure of payable to vendors as defined under the "Micro, Small and Medium Enterprise Development Act, 2006" is based on the information available with the company regarding the status of registration of such vendors under the said Act, as per the intimation received from them on requests made to the Vendor.

Trade payables ageing schedule as on 31st March, 2024

| Particulars | Outstanding for following periods from due date of payment | | | | Total |
|------------------------------|--|---------------|-------------|-------------------|-----------------|
| | Less than 1 Year | 1-2 Years | 2-3 Years | More than 3 Years | |
| (i) MSME | 619.45 | - | - | - | 619.45 |
| (ii) Others | 6,494.88 | 133.28 | 2.38 | 473.29 | 7,103.83 |
| (iii) Disputed dues - MSME | | | | | - |
| (iii) Disputed dues - Others | | | | | - |
| Total | 7,114.33 | 133.28 | 2.38 | 473.29 | 7,723.28 |

Trade payables ageing schedule as on 31st March, 2023

| Particulars | Outstanding for following periods from due date of payment | | | | Total |
|------------------------------|--|---------------|---------------|-------------------|-----------------|
| | Less than 1 Year | 1-2 Years | 2-3 Years | More than 3 Years | |
| (i) MSME | 483.99 | 12.31 | - | - | 496.30 |
| (ii) Others | 3,822.85 | 217.23 | 210.13 | 307.61 | 4,557.83 |
| (iii) Disputed dues - MSME | - | - | - | - | - |
| (iii) Disputed dues - Others | - | - | - | - | - |
| Total | 4,306.85 | 229.55 | 210.13 | 307.61 | 5,054.14 |

18 Other financial liabilities

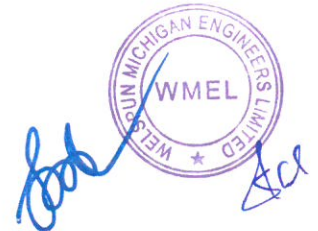
| | | |
|--------------------|---------------|----------|
| Retention Payables | 130.11 | - |
| | <u>130.11</u> | <u>-</u> |

19 Other current liabilities

| | | |
|-----------------------|-----------------|---------------|
| Statutory Liabilities | 426.40 | 912.00 |
| Deffered Income | 2,208.26 | 25.51 |
| | <u>2,634.67</u> | <u>937.51</u> |

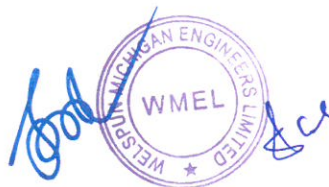
20 Provisions

| | | |
|----------------------------------|--------------|-------------|
| Provisions for gratuity | 16.47 | 4.42 |
| Provisions for leave entitlement | 8.08 | 4.79 |
| | <u>24.55</u> | <u>9.21</u> |



NOTES TO FINANCIAL STATEMENTS

| For the year ended 31st March, | 2024 | Amount in Rs. Lakhs 2023 | | |
|--|------------------------|---|--|-------------------------|
| | Rs. | Rs. | | |
| 21 Income taxes | | | | |
| 1 Components of Income tax expense | | | | |
| The major component of Income tax expense for the year ended on Mar., 2024 and Mar.,2023 are as follows: | | | | |
| Statement of Profit and Loss | | | | |
| Current tax | | | | |
| Current income tax | 2,239.33 | 1,536.55 | | |
| Adjustment of tax relating to earlier periods | 3.11 | (2.14) | | |
| Deferred tax | | | | |
| Deferred tax expense | (1,069.21) | (30.25) | | |
| | 1,173.23 | 1,504.16 | | |
| Other comprehensive income | | | | |
| Deferred tax on | | | | |
| Net loss/(gain) on actuarial gains and losses | (1.03) | 0.49 | | |
| | (1.03) | 0.49 | | |
| Income tax expense as per the statement of profit and loss | 1,172.20 | 1,504.65 | | |
| 2 Reconciliation of effective tax | | | | |
| Profit before tax from continuing and discontinued operations | 2,974.98 | 5,024.80 | | |
| Tax Amount | 749.00 | 1,463.00 | | |
| <i>Adjustments for:</i> | | | | |
| Income on which tax is not required to paid | | | | |
| Tax required to pay at different rate | - | - | | |
| Other Adjustment | 423.20 | 41.24 | | |
| Tax expense / (benefit) | 1,172.20 | 1,504.24 | | |
| 3 Movement in deferred tax assets and liabilities | | | | |
| For the year ended on March 31, 2023 | | | | |
| Particulars | As at April 1, 2022 | Credit/(charge) in the Statement of Profit and Loss | Credit/(charge) in Other Comprehensive Income | As at March 31, 2023 |
| Deferred tax assets/(liabilities) | | | | |
| i. Depreciation | 579.11 | 19.21 | - | 598.32 |
| ii. Retirement Benefits | 31.69 | 6.93 | - | 38.61 |
| iii. Amortisation Processing fees | 0.42 | (0.23) | - | 0.19 |
| iv. Other Comprehensive Income (OCI) | (4.34) | 3.85 | - | (0.49) |
| | 606.88 | 29.76 | - | 636.64 |
| For the year ended on March 31, 2024 | | | | |
| Particulars | As at April 1, 2023 | Credit/(charge) in the Statement of Profit and Loss | Credit/(charge) in Other Comprehensive Income | As at March 31, 2024 |
| Deferred tax assets/(liabilities) | | | | |
| i. Depreciation | 598.32 | (60.05) | - | 538.27 |
| ii. Retirement Benefits | 38.61 | 26.70 | - | 65.31 |
| iii. Amortisation Processing fees | 0.19 | 0.56 | - | 0.75 |
| iv. Exceptional items | - | 1,101.59 | - | 1,101.59 |
| v. Other Comprehensive Income (OCI) | (0.49) | 1.44 | - | 0.95 |
| | 636.64 | 1,070.24 | - | 1,706.88 |
| 4 Non Current tax assets and liabilities | | | | |
| Non Current Tax Asset | | | | |
| Income Tax Advances (net of Provisions) | | | 839.55 | 528.49 |
| Current Tax Liability | | | | |
| Income Tax Provision (net of Payments) | | | 1,061.21 | 713.08 |



NOTES TO FINANCIAL STATEMENTS

For the year ended 31st March,

2024

Amount in Rs. Lakhs

2023

Rs.

Rs.

22 Employee benefits

A. Defined contribution plans:

The Company deposits amount of contribution to government under PF and other schemes operated by government.

Amount of Rs. 50,83,225 (P.Y. : Rs. 35,45,165) is recognised as expenses and included in Note 26 "Employee benefit expense"

Provident fund and other Funds

50.83

35.45

50.83

35.45

B. Defined benefit plans:

The Company has following post employment benefits which are in the nature of defined benefit plans:

(a) Gratuity

The Company operates gratuity plan wherein every employee is entitled to the benefit as per scheme of the Company, for each completed year of service. The benefit vests only after five years of continuous service, except in case of death/disability of employee during service. The vested benefit is payable on separation from the Company, on retirement, death or termination.

March 31, 2024 : Changes in defined benefit obligation and plan assets

Gratuity - Defined benefit obligation

| | | |
|--|---------------|---------------|
| Opening Balance | 107.84 | 92.93 |
| Gratuity cost charged to statement of profit and loss | | |
| Service cost | 120.35 | 9.69 |
| Net interest expense | 8.11 | 6.72 |
| Benefit paid | (16.80) | (3.18) |
| Sub-total included in statement of profit and loss | 219.49 | 106.16 |
| Benefit paid | | |
| Remeasurement gains/(losses) in other comprehensive income | | |
| Return on plan assets (excluding amounts included in net interest expense) | | |
| Actuarial changes arising from changes in demographic assumptions | - | - |
| Actuarial changes arising from changes in financial assumptions | 2.81 | (2.02) |
| Experience adjustments | (2.59) | 3.70 |
| Sub-total included in OCI | 0.22 | 1.68 |
| Defined benefit obligation | 219.71 | 107.84 |
| Fair value of plan assets | | |
| Total benefit liability | 219.71 | 107.84 |

The company does not have any plan asset.

The principal assumptions used in determining above defined benefit obligations for the Company's plans are shown below:

| | | |
|----------------------------------|--|--|
| Discount rate | 7.52% | 7.23% |
| Future salary increase | 5.00% | 5.00% |
| Attrition rate | 3.00% | 3.00% |
| Mortality rate during employment | Indian Assured Lives Mortality 2012-14 (Urban) | Indian Assured Lives Mortality 2012-14 (Urban) |

A quantitative sensitivity analysis for significant assumption is as shown below:

Gratuity

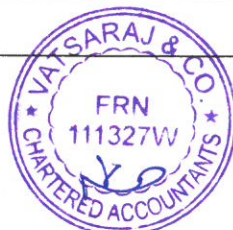
| Particulars | Sensitivity level | (Increase) / decrease in defined benefit obligation (Impact) | |
|-----------------|-------------------|--|--------|
| Gratuity | | | |
| Discount rate | 1% increase | (9.00) | (6.41) |
| | 1% decrease | 10.14 | 7.30 |
| Salary increase | 1% increase | 10.26 | 6.98 |
| | 1% decrease | (9.26) | (6.19) |
| Attrition Rate | 1% increase | 0.88 | 1.07 |
| | 1% decrease | (1.04) | (1.22) |

The followings are the expected future benefit payments for the defined benefit plan :

| Particulars | For the Year ended March 31, 2024 | | For the Year ended March 31, 2023 | |
|--|-----------------------------------|---------------|-----------------------------------|---------------|
| | March | 31, 2024 | March | 31, 2023 |
| Gratuity | | | | |
| Within the next 12 months (next annual reporting period) | | 16.47 | | 4.42 |
| Between 2 and 5 years | | 166.96 | | 66.26 |
| Beyond 5 years | | 154.43 | | 131.36 |
| Total expected payments | | 337.87 | | 202.04 |

Weighted average duration (years) of defined plan obligation (based on discounted cash flows)

| Particulars | For the Year ended March 31, 2024 | For the Year ended March 31, 2023 |
|-------------|-----------------------------------|-----------------------------------|
| Gratuity | 8 Years | 8 Years |

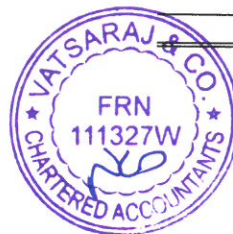


WELSPUN MICHIGAN ENGINEERS PRIVATE LIMITED (formerly known as MICHIGAN ENGINEERS PRIVATE LIMITED)

NOTES TO FINANCIAL STATEMENTS

For the year ended 31st March,

| | 2024 | 2023 |
|---|------------------|------------------|
| | Rs. | Rs. |
| Amount in Rs. Lakhs | | |
| 23 Revenue from Operations: | | |
| Work Bills | 40,694.34 | 28,983.67 |
| Add: Increase/ (decrease) in Work in Progress | 294.70 | 2,360.50 |
| | 40,989.04 | 31,344.17 |
| 24 Other Income: | | |
| Interest on Bank Fixed Deposits | 144.14 | 54.88 |
| Interest form others | 142.13 | 61.55 |
| Consultancy fees received | 193.50 | 212.28 |
| Profit on Sale of F A | 4.88 | 87.37 |
| Foreign Exchange Fluctuation | 68.72 | - |
| Miscellaneous Income | 11.57 | 196.76 |
| | 564.94 | 612.83 |
| 25 Work Expenses | | |
| Consumption of Stores and Spares | 12,420.99 | 8,201.06 |
| Sub Contract and Labour Charges | 13,116.11 | 11,543.63 |
| Freight and Transport | 255.74 | 171.35 |
| Hire Charges | 762.08 | 417.20 |
| Power and Fuel | 933.49 | 626.87 |
| Other Expenses | 1,074.02 | 567.09 |
| | 28,562.43 | 21,527.19 |
| 26 Employee Benefits and Expenses | | |
| Salaries and Bonus | 1,822.06 | 1,429.90 |
| Contribution to Provident Fund and Other Funds | 50.83 | 35.45 |
| Staff and Labour Welfare | 13.89 | 8.61 |
| | 1,886.78 | 1,473.96 |
| 27 Finance Costs: | | |
| Interest Expenses | | |
| - For Banks | 355.26 | 287.24 |
| - For Others | 139.54 | 125.88 |
| - For Lease rent | 7.50 | 11.18 |
| Other borrowing costs | 153.04 | 242.18 |
| | 655.33 | 666.49 |
| 28 Other Expenses: | | |
| Rent, Rates and Taxes | 11.20 | 27.84 |
| Insurance | 370.64 | 238.85 |
| Professional Fees | 245.41 | 230.62 |
| Remuneration to Auditors | | |
| Statutory Audit Fees | 6.37 | 7.90 |
| Tax Audit Fees | 1.00 | 1.00 |
| Conveyance | 34.43 | 24.59 |
| Donations | 360.50 | 1,000.55 |
| Corporate Social Responsibility | 68.00 | 45.50 |
| Motor Car Expenses | 5.44 | 8.53 |
| Telephone Expenses | 4.03 | 3.64 |
| Loss on foreign exchange fluctuation | 25.49 | 16.59 |
| Loss on sale of Fixed Assets | 1.86 | 5.71 |
| Bad Debts | 24.09 | 266.92 |
| Miscellaneous Expenses | 99.98 | 149.28 |
| | 1,258.44 | 2,027.51 |
| 29 Exceptional items (Expense) | | |
| Service tax liability and interest (Liability Rs. 1,271.85 + Interest Rs. 3,105.10) | 4,376.95 | - |
| | 4,376.95 | - |



NOTES TO FINANCIAL STATEMENTS

30 Related party disclosures, as required by Ind AS 24, "Related Party Disclosures", are given below.

(A) Particulars of related parties and nature of relationships

Name of the related parties

1. Holding Company

1. Welspun Enterprises Ltd. (21 Aug 2023)
2. Patel Engineering Ltd. (May 2023)

2. Key Management Personnel

- | | |
|---|---------------------|
| 1. Mr. Saurin M. Patel | Managing Director |
| 2. Mr. Santosh Kumar Verma (wef 21 Aug. 2023) | Whole-time Director |
| 3. Mr. Rajesh Mandawewala (wef 21 Aug. 2023) | Director |
| 4. Mr. Sandeep Garg (wef 21 Aug. 2023) | Director |
| 5. Mr. Devendra Krishna Patil (wef 21 Aug. 2023) | Director |
| 6. Mr. Aayushman Rajesh Nuwal (wef 21 Aug. 2023) | Director |
| 7. Mrs. Mala Arun Todarwal (wef 15 Feb 2024) | Director |
| 8. Mr. Rupen Pravinbhai Patel (Cessation 24 May 2023) | Director |
| 9. Mr. Ramasubramanian Kuppussubramanian (Cessation 24 May 2023) | Director |
| 10. Mrs. Amita Sachin Karia (Cessation 24 May 2023) | Director |
| 11. Mr. Duwarka Madanlal Pareek (wef 25 May 2023 and Cessation 21 Aug 2023) | Director |
| 12. Mr. Akhil Jindal (wef 21 Aug 2023 and Cessation 03 Jan. 2024) | Director |

3. Firm where Director's relative are partners

1. Patel Engineers

4. Relative of Director's

2. Mohak Singh

5. Enterprise have participating rights

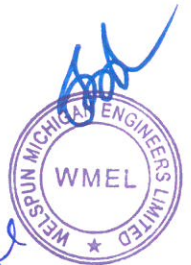
1. Authum Investment & Infrastructure Limited
2. Sansar Housing Finance Limited

(B) Related party transactions and balances

Terms and conditions of transactions with related parties

The details of material transactions and balances with related parties (including those pertaining to discontinued operations) are given below:

| | Amount in Rs. | |
|---|---------------|---------------|
| | 2024 | 2023 |
| a) Transactions for the period ended March 31, | | |
| 1 Rent paid | | |
| 1. Mr. Saurin M. Patel | 13.40 | 12.20 |
| 2. Patel Engineers | 27.00 | 24.40 |
| 2 Hire charges paid | | |
| 1. Mrs. Mohak Singh | 2.21 | - |
| 3 Interest Expenses | | |
| 1. Patel Engineering Limited | - | 100.75 |
| 4 Other Expenses | | |
| 1. Patel Engineering Limited | - | 300.00 |
| 2. Sansar Housing Finance Limited | 16.78 | - |
| 5 Remuneration Paid | | |
| 1. Mr. Saurin M. Patel | 200.00 | 147.60 |
| 2. Mr. Santosh Kumar Verma | 65.59 | - |
| 3. Mr. Ramasubramanian Kuppussubramanian | - | 1.00 |
| 4. Mrs. Amita Karia | - | 1.00 |
| | <u>265.59</u> | <u>149.60</u> |
| 6 Interest Received | | |
| 1. PBSR Developers Pvt Ltd | - | 19.55 |
| 7 ICD received during the period | | |
| 1. Welspun Enterprises Limited | 2,500.00 | - |
| 2. Authum Investment & Infrastructure Limited | 2,500.00 | - |
| 8 Interest paid on ICD during the period | | |
| 1. Welspun Enterprises Limited | 19.11 | - |
| 2. Authum Investment & Infrastructure Limited | 52.05 | - |
| 9 ICD returned/adjusted during the period | | |
| 1. Welspun Enterprises Limited | 2,500.00 | |
| 2. Authum Investment & Infrastructure Limited | 2,500.00 | |
| 3. PBSR Developers Pvt Ltd | | 150.00 |
| b) Balances as at Mar. 31, | | |
| | <u>2024</u> | <u>2023</u> |
| 10 Interest Payable | | |
| 1. Patel Engineering Ltd. | - | 50.00 |
| 11 Other Expenses | | |
| 1. Patel Engineering Limited | - | 284.42 |
| 12 Outstanding Payable | | |
| 1. Mr. Saurin M. Patel | 17.39 | 20.26 |
| 2. Santosh Kumar Verma | 14.33 | - |
| 3. Patel Engineers | 19.20 | 42.34 |



NOTES TO FINANCIAL STATEMENTS

31 Financial assets and liabilities

Financial assets by category

| Particulars | As at March 31, 2024 | | | | As at March 31, 2023 | | | |
|---|----------------------|-------|--------|------------------|----------------------|-------|--------|------------------|
| | Cost | FVTPL | FVTOCI | Amortised cost | Cost | FVTPL | FVTOCI | Amortised cost |
| Investments in - Associate | - | | | | - | | | |
| Trade receivables | | | | 2,242.88 | | | | 2,970.72 |
| Cash & cash equivalents (including other bank balances) | | | | 1,912.16 | | | | 385.55 |
| Other financial assets - Fixed Deposit with Maturity more than 12 Months | | | | 138.63 | | | | 619.81 |
| - Advances Recoverable | | | | 8,560.29 | | | | 9,233.60 |
| Total Financial assets | - | - | - | 12,853.96 | - | - | - | 13,209.68 |

Financial liabilities by category

| Particulars | As at March 31, 2024 | | | | As at March 31, 2023 | | | |
|---|----------------------|-------|--------|------------------|----------------------|-------|--------|-----------------|
| | Cost | FVTPL | FVTOCI | Amortised cost | Cost | FVTPL | FVTOCI | Amortised cost |
| Borrowings | | | | 3,437.30 | | | | 1,135.18 |
| Trade payables | | | | 7,103.87 | | | | 4,557.83 |
| Other financial liabilities - Current maturities of long-term borrowings | | | | 848.04 | | | | 316.31 |
| - Retention Payable | | | | 1,637.10 | | | | 1,931.57 |
| Total Financial liabilities | - | - | - | 13,026.31 | - | - | - | 7,940.90 |

32 Fair values

1 Quantitative disclosures fair value measurement hierarchy for assets

Company does not have any financial Asset which is measured either at Fair value through profit and loss account or measured at Fair value through other comprehensive income.

2 Quantitative disclosures fair value measurement hierarchy for liabilities

Company does not have any financial liability which is measured either at Fair value through profit and loss account or measured at Fair value through other comprehensive income.

33 Financial risk management

The Company's principal financial liabilities comprise of loans and borrowings, trade payables and other financial liabilities. The loans and borrowings are primarily taken to finance and support the Company's operations. The Company's principal financial assets include investments, loans, cash and cash equivalents, trade receivables and other financial assets.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks. The Company's senior management ensures that financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. It is the Company's policy that no trading in financial instruments for speculative purposes may be undertaken.

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 risk, such as equity price risk or Net asset value("NAV") risk in case of investment in mutual funds. Financial instruments affected by market risk include investments, trade receivables, trade payables, loans and borrowings and deposits.

The sensitivity analysis in the following sections relate to the position as at March 31, 2024 and March 31, 2023.

The sensitivity of the relevant profit and 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 March 31, 2024 and March 31, 2023.

Interest rate risk

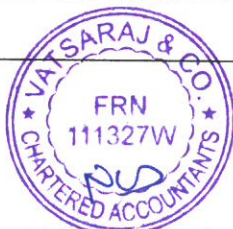
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to risk of changes in market interest rate relates primarily to the Company's long-term debt obligations with floating interest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

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on loans and borrowings. With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows:

| Particulars | | Increase/(decrease) in basis Points | Increase/(decrease) in profit before tax |
|-----------------------|--|-------------------------------------|--|
| March 31, 2024 | | | |
| Rupee borrowings | | +50 | (17.19) |
| | | -50 | 17.19 |
| March 31, 2023 | | | |
| Rupee borrowings | | +50 | (5.68) |
| | | -50 | 5.68 |

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 years.



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NOTES TO FINANCIAL STATEMENTS

Foreign currency risk

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 Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities, i.e. when revenue or expense is denominated in a foreign currency.

Given below is the foreign currency exposure arising from the non derivative financial instruments:

| As at March 31, | Foreign Currency Amount | | Reporting Currency Amount (Rs. Lakhs) | |
|------------------|-------------------------|------|---------------------------------------|-------|
| | 2024 | 2023 | 2024 | 2023 |
| Accounts Payable | | | | |
| USD | 13.05 | 0.40 | 1,088.06 | 33.16 |
| SGD | 20.80 | - | 1,284.48 | - |

Foreign currency sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in EUR and USD exchange rates, with all other variables held constant. The impact on

| Particulars | Change in SGD rate | Effect on profit before tax | Change in USD rate | Effect on profit before tax |
|-----------------------|--------------------|-----------------------------|--------------------|-----------------------------|
| March 31, 2024 | 5% | 64.22 | 5% | 54.40 |
| | -5% | (64.22) | -5% | (54.40) |
| March 31, 2023 | 5% | - | 5% | 1.66 |
| | -5% | - | -5% | (1.66) |

Other market risks

Company does not have any investment in equity shares or Mutual Fund so it does not expose to other market risk.

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 maximum exposure of the financial assets are contributed by trade receivables, unbilled work-in-progress and cash and cash equivalents.

Credit risk on trade receivables and unbilled work-in-progress is limited as the customers of the Company mainly consist of the government promoted entities having strong credit worthiness. Based on the fact that company has no history of bad debts no provision has been made for any doubtful receivables.

Liquidity Risk

Liquidity risk is defined as the risk that the Company will not be able to settle or meet its obligations on time or at a reasonable price. The Company monitors its risk of shortage of funds through using a liquidity planning process that encompasses an analysis of projected cash inflow and outflow. The objective is to maintain a balance between continuity of funding and flexibility largely through cashflow generation from its operating activities and the use of bank loans.

The table below summarises the maturity profile of the Company's financial liabilities (including future interest payable) based on contractual undiscounted payments.

| Particulars | On demand | 0 to 12 months | 1 to 5 years | Total |
|---|-----------|----------------|--------------|----------|
| As at year ended March 31, 2024 | | | | |
| Borrowings (including current maturities of long-term borrowings) | - | 964.51 | 2,472.79 | 3,437.30 |
| Trade & other payables | - | 7,140.42 | - | 7,140.42 |
| Other financial liabilities | - | - | 1,506.99 | 1,506.99 |
| As at year ended March 31, 2023 | | | | |
| Borrowings (including current maturities of long-term borrowings) | - | 837.62 | 297.56 | 1,135.18 |
| Trade & other payables | - | 4,604.13 | 36.55 | 4,640.68 |
| Other financial liabilities | - | - | 1,931.57 | 1,931.57 |

34 Capital Management

For the purpose of the Company's capital management, capital includes issued equity capital and all other equity reserves attributable to the equity holders of the Company. The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder's value.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company includes, within net debt, interest bearing loans and borrowings, trade and other payables, less cash and short-term deposits.

| As at March 31, | 2024 | 2023 |
|---------------------------------------|------------------|------------------|
| Interest-bearing loans and borrowings | 3,437.30 | 1,135.18 |
| Trade Payable | 7,103.87 | 4,557.83 |
| Less: cash and cash equivalent | 1,912.16 | 385.55 |
| Net debt | 8,629.02 | 5,307.47 |
| Equity share capital | 173.57 | 173.57 |
| Other equity | 21,637.62 | 19,838.41 |
| Total capital | 21,811.20 | 20,011.98 |
| Capital and net debt | 30,440.21 | 25,319.45 |
| Gearing ratio (%) | 28% | 21% |

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current period. No changes were made in the objectives, policies or processes for managing capital during the year ended March 31, 2024, and March 31, 2023.



NOTES TO FINANCIAL STATEMENTS

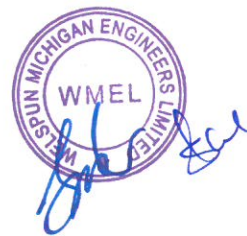
35 Ratios

The ratios for the years ended March 31, 2024 and March 31, 2023 are as follows:

| Particulars | Numerator | Denominator | 'As at March 31, | | 'Variance, (In %) |
|---|---|-----------------------------|------------------|--------|----------------------|
| | | | 2024 | 2023 | |
| Current Ratio (1) | Current Assets | Current Liabilities | 2.13 | 2.87 | (25.67) |
| Debt-Equity Ratio (2) | Total Debt | Shareholder Equity | 0.16 | 0.06 | 177.82 |
| Debt Service Coverage Ratio (3) | Earnings available for debt service | Debt Service | 2.31 | 5.69 | (59.36) |
| Return on Equity Ratio (3) | Net profit after taxes - Preference dividend (if any) | Average Shareholders Equity | 1038% | 2026% | -988% |
| Inventory turnover ratio (days) | Cost of Good Sold or sales | Average Inventory | 117.23 | 112.42 | 4.28 |
| Trade Receivables turnover ratio (days) (4) | Net Credit sales | Average Accounts receivable | 23.21 | 31.82 | (27.06) |
| Trade payables ratio (days) | Net Credit Purchase | Average Trade payable | 75.26 | 89.89 | (16.28) |
| Net capital turnover ratio | Net Sale | Average working capital | 2.88 | 2.50 | 14.99 |
| Net profit ratio | Net profit | Net Sales | 4.40% | 11.22% | -6.83% |
| Return on Capital employed | EBIT | Capital Employed | 31.71% | 26.90% | 4.82% |
| Return on investment | Profit available to equity shareholder | Networth | 8.26% | 17.58% | -9.32% |

Reason for variance for more/less than 25%

- (1) Deferred revenue in current year on PST 2 project.
- (2) Increase of debt in current year i.e. buyer's credit and term loan.
- (3) Profit for the current year has gone down due to provision of exceptional item i.e. service tax liability.
- (4) Turnover has increased but the average trade receivable days has improved compared to previous financial year.



NOTES TO FINANCIAL STATEMENTS

36 Segment information

The Company has a single business segment for Civil Infrastructure construction

(Amount in Rs. Lakhs)

| For the year ended March 31, | 2024 | 2023 |
|---|------------------|------------------|
| Geographical Statement | | |
| Mumbai | 39,390.43 | 29,295.92 |
| Delhi | 771.96 | 1,405.64 |
| Gujarat | 523.39 | - |
| Cuttack | 303.21 | 642.62 |
| Total | 40,989.00 | 31,344.17 |
| Major Customers | | |
| Revenue from top customer | 27,163.41 | 16,063.01 |
| Revenue from top five customer (Including top customer) | 40,192.45 | 26,584.38 |

Ind AS 108 establishes standards for the way that public business enterprises report information about operating segments and related disclosures about geographic areas. The company's operations predominantly relate to enhance business performance. Based on the "Management Approach" as defined in Ind AS 108, the Chief Operating Decision Maker (CODM) evaluates the company's performance and allocates resources based on an analysis of various performance indicators by geographic segments.

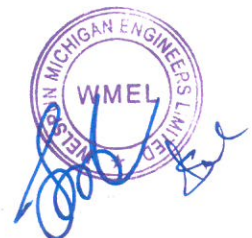
37 Contingent Liabilities and commitments

| As at March 31, | 2024 | 2023 |
|---|-------------|-------------|
| 1. Contingent Liabilities | | |
| a. Disputed demand under : | | |
| (i) Service tax (Rs 94,45,539 paid as deposit) | - | 1,271.85 |
| b. Guarantees given by the company | 654.81 | 591.14 |
| 2. Capital Commitments | | |
| Purchase Order issued | 4,035.57 | 4,003.61 |
| Less : Advance paid against the Purchase Order | (551.18) | (382.04) |

3. There are numerous interpretative issues relating to the Supreme Court judgement on PF dated 28th February, 2019. The company has not made any provision on a prospective basis from the date of the Supreme Court order as the amount is not material. The company will update its provision, on receiving further clarity on the subject.

38 Earnings per Share (EPS)

| For the year ended March 31, | 2024 | 2023 |
|--|------------------|------------------|
| Basic & Diluted EPS | | |
| Computation of Profit (Numerator) | | |
| (i) Profit/(loss) from continuing operations | 1,801.75 | 3,517.29 |
| (ii) Profit from discontinued operations | - | - |
| (iii) Profit/(loss) from continuing & discontinued operations | 1,801.75 | 3,517.29 |
| Weighted Average Number of Shares (Denominator) | | |
| Weighted average number of Equity shares of Rs.10 each used for calculation of basic and diluted | 17,35,720 | 17,35,720 |
| On Conversion of Warrants | 1,30,179 | - |
| | 18,65,899 | 17,35,720 |
| Basic & Diluted EPS (in Rupees) | | |
| (i) Continuing operations | 103.80 | 202.64 |
| (ii) Discontinued operations | - | - |
| (iii) Continuing and Discontinued operations | 103.80 | 202.64 |
| (iii) Diluted EPS | 96.56 | - |
| Face value per share (in Rs.) | 10.00 | 10.00 |



NOTES TO FINANCIAL STATEMENTS

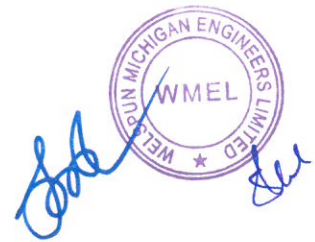
39 CSR Disclosure

(Amount in Rs. Lakhs)

| Particulars | Year ended 31-Mar-2024 | Year ended 31-Mar-2023 |
|---|---------------------------|---------------------------|
| a) Gross amount required to be spent by the Company during the year | 67.06 | 45.23 |
| b) Amount spent during the year | | |
| i) Construction / acquisition of any asset | - | - |
| ii) On purposes other than (i) above | 68.00 | 45.50 |
| (c) Shortfall at the end of the year, | (0.94) | (0.27) |
| (d) Total of previous years shortfall, | - | - |
| (e) Reason for shortfall, | | |
| (f) Nature of CSR activities, | | |
| - Promotion of Child education | 65.00 | |
| - Women empowerment and care for children | 3.00 | 9.00 |
| - Protection of culture | | |
| - Promotion of environmental sustainability, ecological balance | - | 30.00 |
| - Promotion of health care, medical | - | 6.50 |
| (g) Details of related party transactions, e.g., contribution to a trust controlled by the company in relation to CSR expenditure as per relevant Accounting Standard, | NIL | NIL |
| (h) Where a provision is made with respect to a liability incurred by entering into a contractual obligation, the movements in the provision during the year shall be shown separately. | NIL | NIL |

40 Disclosure under the Micro, Small and Medium Enterprises Development Act (MSMED), 2006.

| Particulars | March 31, 2024 | March 31, 2023 |
|--|----------------|----------------|
| (i) Principal amount and the interest due thereon remaining unpaid to each supplier at the end of accounting year (but within due date as per the MSMED Act) | | |
| Principal amount due to micro and small enterprise | 619.45 | 496.31 |
| Interest due on above | | |
| (ii) Interest paid by the Company in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act 2006, along-with the amount of the payment made to the supplier beyond the appointed day during the period | - | - |
| (iii) 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 interest specified under the Micro, Small and Medium Enterprises Act, 2006 | - | - |
| (iv) The amount of interest accrued and remaining unpaid at the end of each accounting year | - | - |
| (v) 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 enterprises | - | - |



NOTES TO FINANCIAL STATEMENTS

41 Disclosures relating to lease arrangements where the Company is a lessee.

- a The interest expense on lease liability has been disclosed as per Note no 27 .
 b The following is the movement in lease liability:

| Particulars | (Amount in Rs. Lakhs) | |
|---|------------------------|------------------------|
| | Year ended 31-Mar-2024 | Year ended 31-Mar-2023 |
| Balance at the beginning of the year | 82.84 | 120.46 |
| Add: lease liability recognised during the year | - | - |
| Add: Finance cost accrued during the period | 7.50 | 11.18 |
| Less: Payment of lease liabilities | 53.80 | 48.80 |
| Balance at the end of the year | 36.55 | 82.84 |

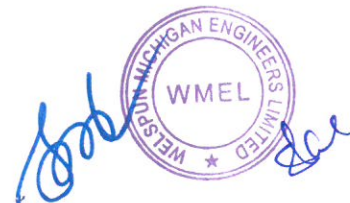
- c The table below provides details regarding the contractual maturities of lease liabilities on an undiscounted basis:

| Particulars | Year ended 31-Mar-2024 | Year ended 31-Mar-2023 |
|--------------------|------------------------|------------------------|
| Less than one year | 36.55 | 53.80 |
| One to five years | - | 38.00 |
| More than 5 years | - | - |

- 42 The Company does not have any Benami property , where any proceeding has been initiated or pending against the Company for holding any Benami property.
 43 The Company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.
 44 Details of transactions with the companies struck off under section 248 of Companies Act, 2013 or section 560 of Companies Act, 1956 are as follows:

| Nature of transactions with struck-off Company | Name of Struck off company | Balance outstanding amounts in consideration as on 31 March 2024 | Balance outstanding amounts in consideration as on 31 March 2023 | Relationship with the Struck off company, if any, to be disclosed |
|--|----------------------------|--|--|---|
| | NIL | | | |

- 45 The Company have not traded or invested in Crypto currency or Virtual Currency during the period.
 46 The company is not declared wilful defaulter by any bank or financial Institution or other lender.
 47 (i) The Company have not advanced or loaned or invested funds to any other person (s)or entity (ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries) or Provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
 (ii) The Company have not received any fund from any person (s)or entity (ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Intermediary shall directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or Provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries:
 48 The Company have not had any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).
 49 The Title deeds for all the immovable property (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) are held in the name of the Company.



NOTES TO FINANCIAL STATEMENTS

50 Foreseeable losses

The Company has a process whereby periodically all long term contracts are assessed for material foreseeable losses. At the year-end, the Company has reviewed all such contracts and confirmed that no provision is required to be created under any law / accounting standard towards any foreseeable loss.

51 Details of Borrowings secured against current assets

(Amount in Rs. Lakhs)

| Quarter | Name of Bank | Particulars of Securities Provided | Amount as per books of account | Amount as reported in the quarterly return/statement | Amount of difference |
|----------------|-----------------------------|------------------------------------|--------------------------------|--|----------------------|
| June 2023 | Axis Bank Ltd/ Yes Bank Ltd | Work in progress/Book Debt | 15,705.98 | 15,116.68 | 589 |
| September 2023 | Axis Bank Ltd/ Yes Bank Ltd | Work in progress/Book Debt | 16,771.58 | 14,300.98 | 2,471 |
| December 2023 | Axis Bank Ltd/ Yes Bank Ltd | Work in progress/Book Debt | 15,944.53 | 15,241.95 | 703 |
| March 2024 | Axis Bank Ltd/ Yes Bank Ltd | Work in progress/Book Debt | 17,547.52 | 14,940.98 | 2,607 |

1. There is no material variance in amount of material and stores reported to bank and as appearing in quarterly financial statement.
 2. The amount of Work In Progress(WIP) /Book Debt as reported to banks is less compared to the reviewed/ audited quarterly financial statements since the details of Michigan Engineers's share in the WIP/Book debts of some of the projects in Joint Ventures was not available at the time of submission of the stock statement to the banks.

52 Information with regard to other matters specified in Schedule III to the Act is either Nil or not applicable to the Company for the year.

53 Reconciliation of contract assets and liabilities:

| | 31-Mar-24 |
|---|-----------------|
| Contract Assets | |
| Due from contract customers (contract assets) | |
| At the beginning of the year | 4,086.39 |
| Cost incurred plus attributable profits on contracts-in -progress (Revenue) | 40,963.49 |
| Progress billings made towards contracts -in - progress (Billing) | 38,486.03 |
| At the end of the reporting year | 6,563.84 |
| Contract liabilities | |
| Advance from contract customers (contract liabilities) | |
| At the beginning of the year | 25.51 |
| Revenue recognised during the year | 25.51 |
| Progress billings made towards contracts-in -progress | 2,208.31 |
| At the end of the reporting year | 2,208.31 |

Reconciliation of revenue as per Ind AS 115

| | 31-Mar-24 |
|--|------------------|
| (i) Revenue from Engineering, Procurement and Construction, Operation and Maintenance Business | 40,989.04 |
| Adjustment on account of: | - |
| Less: Liquidated damages provided during the year | - |
| Total | 40,989.04 |
| (ii) Other operating revenues | - |
| Adjustment on account of: | - |
| Less: Liquidated damages provided during the year | - |
| Total | - |

54 The Ministry of Corporate Affairs vide notification dated 28th March, 2018 has made "Revenue from Contracts with Customers" (IND AS 115) mandatory w.e.f. 1st April, 2018. The Company has applied retrospective approach, as per para C3(b) of IND AS 115, to contracts which were not completed as on 1st April, 2018 and the cumulative effect of applying this standard is recognised at the date of initial application i.e. 1st April, 2018 in accordance with para C7 of IND AS 115 and there is no significant adjustment due to application of this standard.

55 Provision for taxation is made based on an Expert's opinion that certain business advance in the nature of loan written off are in the course

56 Previous year's figures have been regrouped/ reclassified wherever necessary.

In terms of our report of even date attached

For Vatsaraj & Co.
Chartered Accountants
Firm Regn. No. : 111327W

N. K. Dedhia
CA. Nitesh K Dedhia
Partner
Membership No. 114893

Place : Mumbai
Date : 17 May 2024



For and on behalf of Board

Saurin M. Patel
Saurin M. Patel
Managing Director
DIN: 00909324

Place : Mumbai
Date : 17 May 2024

Santosh Kumar Verma
Santosh Kumar Verma
Whole-Time Director
DIN: 07994000

Place : Mumbai
Date : 17 May 2024

