BHAGYANAGAR COPPER PRIVATE LIMITED

BALANCE SHEET AS AT 31st MARCH,2023

CIN: U27100TG2008PTC125034

(All amounts are in Indian Rupees (lakhs) except share data and where otherwise stated)

PARTICULARS	Note No.	As at 31st March 2023	As at 31st March 2022
ASSETS			
NON- CURRENT ASSETS			
(i) Property, Plant and equipment	5	4,356.47	3,854.66
(ii) Financial Assets			
a) Other Financial Assets	6	79.81	47.49
CURRENT ASSETS			
(i) Inventories	7	5,598.01	2,157.60
(ii) Financial Assets			
a)Trade Receivables	8	1,755.83	2,445.88
b)Cash and Cash Equivalents	9	4.60	909.50
c)Other Balances with bank	10	29.81	146.88
(iii) Current Tax Assets (net)	11	79.62	157.14
(iv) Other Current Asset	12	4,167.03	3,011.70
TOTAL ASSETS		**16,071.18**	**12,730.83**
EQUITY AND LIABILITIES			
EQUITY			
(i) Equity Share Capital	13	2,000.00	2,000.00
(ii) Other Equity	14	1,288.50	885.42
LIABILITIES			
NON-CURRENT LIABILITIES			
(i) Financial Liabilities			
a)Borrowings	15	4,156.02	3,650.61
CURRENT LIABILITIES			
(i) Financial Liabilities			
a)Borrowings	16	7,454.40	5,230.83
b)Trade Payables			
- Total Outstanding dues of Micro and Small Enterprises		1.07	
- Total Outstanding dues of Creditors Other than Micro and Small Enterprises	17	909.34	490.02
(ii) Deferred Tax Liability (net)	18	82.58	-
(iii) Other Current Liabilities	19	70.39	418.66
(iv) Provisions	20	108.88	55.29
TOTAL EQUITY AND LIABILIITES		**16,071.18**	**12,730.83**

Significant accounting policies and key accounting estimates and judgements — 1 to 4

The accompanying notes form an integral part of financial statements — 28 to 54

As per our report of even date attached
For LUHARUKA & ASSOCIATES
CHARTERED ACCOUNTANTS
Firm Reg No.01882S

Naveen Lohia
Partner
M. No. 214548

LUHARUKA & ASSOCIATES CHARTERED ACCOUNTANTS FRN-01882S SECUNDERABAD

Place: Secunderabad,
Date : 26.05.2023

For and on behalf of the BOD of Bhagyanagar Copper Private Limited

Narender Surana
Director
DIN : 00075086

Devendra Surana
Director
DIN : 00077296

Lalit

Surendra Bhutoria
Chief Financial Officer

Lalit Kumar Thanvi
Company Secretary
M. No.A62058

BHAGYANAGAR COPPER PRIVATE LIMITED

STATEMENT OF PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH,2023

(All amounts are in Indian Rupees (lakhs) except share data and where otherwise stated)

	PARTICULARS	Note No.	For the Year ended 31.03.2023	For the Year ended 31.03.2022
I.	REVENUE FROM OPERATIONS	21	51,224.89	54,507.44
II.	OTHER INCOME	22	16.31	12.71
III.	TOTAL INCOME (I+II)		**51,241.20**	**54,520.16**
IV.	**EXPENSES**			
	Cost of Materials Consumed	23	47,143.27	50,248.81
	Changes in Finished Goods, Work in Process and Material In Transit	24	(1,574.40)	-
	Employee Benefit Expenses	25	465.20	329.90
	Finance costs	26	745.60	698.07
	Depreciation Expense	5	231.20	204.49
	Other expenses	27	3,589.26	2,367.67
	TOTAL EXPENSES (IV)		**50,600.13**	**53,848.94**
V.	**PROFIT BEFORE EXCEPTIONAL ITEMS AND TAX (III-IV)**		641.07	671.22
VI.	**Exceptional Items**		-	-
VII.	**PROFIT BEFORE TAX (V+VI)**		**641.07**	**671.22**
VIII.	**TAX EXPENSE:**			
	1. Current tax		107.01	112.04
	2.Deferred Tax		130.98	(112.04)
IX.	**PROFIT FOR THE YEAR**		**403.08**	**671.22**
X.	**OTHER COMPREHENSIVE INCOME**			
A	Items that will not be reclassified to profit or loss		-	-
B	Items that will be reclassified to profit or loss		-	-
	TOTAL OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		-	-
XI	**Total Comprehensive Income / (Loss) for the year (IX+X)**		**403.08**	**671.22**
XII	**Earning Per Equity Share**			
	(a) Basic		2.02	3.36
	(b) Diluted		2.02	3.36

Significant accounting policies and key accounting estimates and judgements 1 to 4
The accompanying notes form an integral part of financial statements 28 to 54

As per our report of even date attached

For LUHARUKA & ASSOCIATES
CHARTERED ACCOUNTANTS
Firm Reg No.01882S

Naveen Lohia
Partner
M. No. 214548

LUHARUKA & ASSOCIATES CHARTERED ACCOUNTANTS FRN-01882S SECUNDERABAD

Place: Secunderabad,
Date : 26.05.2023

For and on behalf of the BOD of Bhagyanagar Copper Private Limited

Narender Surana
Director
DIN : 00075086

Devendra Surana
Director
DIN : 00077296

Surendra Bhutoria
Chief Financial Officer

Lalit Kumar Thanvi
Company Secretary
M. No.A62058

BHAGYANAGAR COPPER PRIVATE LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2023

(All amounts are in Indian Rupees (lakhs) except share data and where otherwise stated)

	PARTICULARS	For the Year 2022-23	For the Year 2021-22
A	**Cash flow from Operating Activties**		
	Net profit before tax as per annexed Profit and loss account	641.07	671.22
	Add: Adjustments for:		
	Depreciation & Amortisation	231.20	204.49
	Interest paid	745.60	698.07
	Sundry Balances Written Off	29.30	-
	Interest Received	(3.09)	-
	Sundry Balances Written Back	(10.81)	5.70
	Operating profit before working Capital Changes	**1,633.28**	**1,579.48**
	Other Non current Financial Assets	(32.32)	(5.95)
	Other current assets	(1,155.33)	(421.34)
	Inventory	(3,440.41)	(677.18)
	Trade receivables	700.86	696.73
	Trade Payables	419.90	(353.51)
	Other Current Liabilities	(348.27)	358.36
	Provisions	53.59	25.71
	Cash generated from Operations	**(2,168.71)**	**1,202.30**
	Income Tax Paid (including Prior Period)	(77.89)	(136.64)
	Net cash (used in)/from Operating Activities(A)	**(2,246.61)**	**1,065.66**
B	**Cash flow from Investing Activties**		
	Purchase of Fixed Assets & Other Capital Expenditure	(761.82)	(146.92)
	Interest Received	3.09	-
	Net Cash (used in)/from Investing Activities (B)	**(758.73)**	**(146.92)**
C	**Cash flow from Financing Activities**		
	Interest Paid	(745.60)	(698.07)
	Increase (Decrease) in Unsecured Loans	694.42	(2,165.55)
	Borrowings	2,034.56	2,843.97
	(Increase)/Decrease in restricted deposits	117.06	6.08
	Net Cash (used in)/from Financing Activities (C)	**2,100.44**	**(13.57)**
	Net Increase / Decrease in cash and Cash Equivalents (A+B+C)	**(904.90)**	**905.17**
	Cash and Cash Equivalents Opening Balance	909.50	4.32
	Cash and Cash Equivalents Closing Balance	4.60	909.50
	Change in Cash and Cash Equivalents	**(904.90)**	**905.17**

The Cash flow Statement has been prepared as set out in Indian Accounting Standard (IND AS) 7 : STATEMENT OF CASH FLOWS, as amended by Companies (Indian Accounting Standards) (Amendement) Rules 2016.This is the Cash Flow Statement referred to in our report of even date attached

2. Components of cash and cash equivalents	2022-23	2021-22
Cash in hand	1.90	1.25
Balances with bank	2.69	908.24
	4.60	909.50

Significant accounting policies and key accounting estimates and judgement 1 to 4
The accompanying notes form an integral part of financial statements 28 to 54

As per our report of even date attached
For LUHARUKA & ASSOCIATES
CHARTERED ACCOUNTANTS
Firm Reg No.01882S

Naveen Lohia
Partner
M. No. 214548

LUHARUKA & ASSOCIATES SECUNDERABAD CHARTERED ACCOUNTANTS FRN-01882S

Narender Surana
Director
DIN : 00075086

Devendra Surana
Director
DIN : 00077296

Surendra Bhutoria
Chief Financial Officer

Lalit
Lalit Kumar Thanvi
Company Secretary
M. No.A62058

Place: Secunderabad,
Date : 26.05.2023

Statement of Changes in Equity for the Year ended 31st March 2023

(All amounts are in Indian Rupees (lakhs) except share data and where otherwise stated)

A. Equity Share capital

Particulars	No of shares	INR
Current year Reporting period		
Balance as at 1 April 2022	200	2,000
Changes in equity share capital during 2022-23	-	-
Balance as at 31 March 2023	200	2,000
Previous year Reporting period		
Balance as at 1 April 2021	200	2,000
Changes in equity share capital during 2021-22	-	-
Balance as at 31 March 2022	200	2,000

B. Other equity

PARTICULARS		Other Equity		Total
		Retained Earnings	Capital Reserve	
Current year Reporting period				
Balance as at 1 April 2022		398.78	486.64	885.42
Profit for the year		403.08	-	403.08
Other Comprehensive Income (net of tax)		-	-	-
Total Comprehensive Income for the year 2022-23	**(B)**	403.08	486.64	403.08
Transfer In/Out General Reserve		-	-	-
Dividends		-	-	-
Tax on dividends		-	-	-
				-
Balance at 31 March 2023	**C= (A+B)**	801.86	973.29	1,288.50
Previous year Reporting period				
Balance at 1 April 2021	**(D)**	(272.44)	486.64	214.20
Profit for the year		671.22	-	671.22
Other Comprehensive Income (net of tax)		-	-	-
Reserve created during the year		-	-	-
Total Comprehensive Income for the year 2021-22	**(E)**	671.22	-	671.22
Transfer In/Out General Reserve		-	-	-
Dividends		-	-	-
Tax on dividends		-	-	-
Balance at 31 March 2022	**F =(D+E)**	398.78	486.64	885.42

The Description,Nature and Purpose of the each reserve with in equity are as follows

General Reserve: This reserve is created by an appropriation from one component of equity (generally retained earnings) to another, not being an item of OCI. The same can be utilised in accordance with the provisions of Companies Act 2013.

Retained Earnings: This reserve represents the cummulative profits of the company. The reserve can be utilised in accordance with the provisions of the Companies Act 2013

Significant accounting policies and key accounting estimates and judgements 1 to 4

The accompanying notes form an integral part of financial statements 28 to 54

As per our report of even date attached
For LUHARUKA & ASSOCIATES
CHARTERED ACCOUNTANTS
Firm Reg No.01882S

Naveen Lohia
Partner
M. No. 214548

Place: Secunderabad,
Date : 26.05.2023

For and on behalf of the BOD of
Bhagyanagar Copper Private Limited

Narender Surana
Director
DIN : 00075086

Devendra Surana
Director
DIN : 00077296

Surendra Bhutoria
Chief Financial Officer

Lalit Kumar Thanvi
Company Secretary
M. No.A62058

BHAGYANAGAR COPPER PRIVATE LIMITED

CIN: U27100TG2008PTC125034

NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2023

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES, JUDGEMENTS & KEY ESTIMATES

I. CORPORATE OVERVIEW:

Bhagyanagar Copper Pvt Ltd ("the company") is a Company registered under the companies act, 1956. It was incorporated on 30-04-2008 having its registered office at Sy No 98 to 105,107,111,230,231,232,234 Shabashpally Village, Shivampet, Mandal, Medak- 502334. Bhagyanagar India Limited on 6th February 2018 acquired 100% shareholding of the company. It proposes to engage in the manufacture of copper products. The company's CIN is U27100TG2008PTC125034. It is the subsidiary company of Bhagyanagar India Limited, which is listed on the stock exchange.
The financial statements of the Company have been approved by the Board of Directors in their meeting held on May 27, 2023.

II. BASIS OF PREPARATION:

a) Statement of Compliance

These financial statements have been prepared in accordance with the Indian Accounting Standards ("Ind AS") as prescribed by Ministry of Corporate Affairs pursuant to Section 133 of the Companies Act, 2013 ("the Act"), read with the Companies (Indian Accounting Standards) Rules, 2015 (amended), guidelines issued by the Securities and Exchange Board of India (SEBI), and presentation requirements of Division II of Schedule III to the Companies Act, 2013, (Ind AS compliant Schedule III), as applicable to the Financial Statement, other relevant provisions of the Act and other accounting principles generally accepted in India.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

b) Basis of Measurement

The financial statements of the Company have been prepared on historical cost basis except for the following assets and liabilities which have been measured at fair value:

i. Certain financial assets & liabilities (including derivative instruments)
ii. Defined Benefit Plans as per actuarial valuation
iii. Share based Payments

c) Functional and Presentation Currency

The financial statements have been presented in Indian Rupees (INR), which is also the Company's functional currency. All financial information presented in INR has been rounded off to the nearest lakhs as per the requirements of Schedule III, unless otherwise stated.

III. Use of Assumptions, Judgments and Estimates

The key assumption, judgment and estimation at the reporting date, that have significant risk causing the material adjustment to the carrying amounts of assets and liabilities within the next financial year, are describe below. The company based its assumption, judgment and estimation on parameters available on the financial statements were prepared. Existing circumstances and assumption about future development, however, may change due to market changes or circumstances arising that are beyond the control of the company. Such changes are reflected in the assumption when they occur.

i) **Revenue**

The application of revenue recognition accounting standards is complex and involves a number of key judgements and estimates. Revenue is measured based on the transaction price, which is the consideration, adjusted for volume discounts, price concessions and incentives, if any, as specified in the contract with the customer. The Company exercises judgment in determining whether the performance obligation is satisfied at a point in time or over a period of time.

ii) **Impairment of non-financial assets**

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

An impairment loss is recognized as an expense in the statement of profit and loss in the year in which an asset is identified as impaired. The impairment loss recognized in earlier accounting period is reversed if there has been an improvement in recoverable amount.

iii) **Defined benefit plans**

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

iv) **Fair value measurement of financial instruments**

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the Discounted Cash Flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

v) **Impairment of financial assets**

The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

vi) **Share-based payments**

The Company measures the cost of equity-settled transactions with employees using Black-Scholes model to determine the fair value of the liability incurred on the grant date. Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them.
Employees (including senior executives) of the Company receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions).

Equity-settled transactions

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model.
That cost is recognized, together with a corresponding increase in share-based payment reserves in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense.
The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the statement of profit and loss for a period represents the movement in cumulative expense recognized as at the beginning and end of that period and is recognized in employee benefits expense. No expense is recognized for awards that do not ultimately vest because service conditions have not been met. When the terms of an equity-settled award are modified, the minimum expense recognized is the grant date fair value of the unmodified award, provided the original vesting terms of the award are met. An additional expense, measured as at the date of modification, is recognized for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss.
The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

vii) **Recognition of Deferred Tax Assets**

The extent to which deferred tax assets can be recognized is based on an assessment of the probability of the Company's future taxable income against which the deferred tax assets can be utilized. In addition, significant judgment is required in assessing the impact of any legal or economic limits.

viii) **Classification of Leases**

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES, JUDGEMENTS & KEY ESTIMATES (CONTD.)

The Company enters into leasing arrangements for various assets. The classification of the leasing arrangement as a finance lease or operating lease is based on an assessment of several factors, including, but not limited to, transfer of ownership of leased asset at end of lease term, lessee's option to purchase and estimated certainty of exercise of such option, proportion of lease term to the asset's economic life, proportion of present value of minimum lease payments to fair value of leased asset and extent of specialized nature of the leased asset.

ix) **Restoration, rehabilitation and decommissioning**

Estimation of restoration/ rehabilitation/ decommissioning costs requires interpretation of scientific and legal data, in addition to assumptions about probability of future costs.

x) **Provisions and Contingencies**

The assessments undertaken in recognizing provisions and contingencies have been made in accordance with Indian Accounting Standards (Ind AS) 37, 'Provisions, Contingent Liabilities and Contingent Assets'. The evaluation of the likelihood of the contingent events is applied best judgement by management regarding the probability of exposure to potential loss.

d) **Classification of Assets and Liabilities into Current/Non-Current**

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in Schedule III to the Companies Act, 2013, as given below.

The Company has ascertained its operating cycle as 12 months for the purpose of current and non-current classification of assets and liabilities.

For the purpose of Balance Sheet, an asset is classified as current if:

i) Expected to be realized or intended to sold or consumed in normal operating cycle;
ii) Held primarily for the purpose of trading;
iii) Expected to be realized within twelve months after the reporting period; or
iv) Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All the other assets are classified as non-current.

Similarly, a liability is current if:

i) It is expected to be settled in normal operating cycle;
ii) It is held primarily for the purpose of trading;
iii) It is due to be settled within twelve months after the reporting period; or
iv) There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

BHAGYANAGAR COPPER PRIVATE LIMITED

CIN: U27100TG2008PTC125034

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2023 (CONTD.)

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES, JUDGEMENTS & KEY ESTIMATES (CONTD.)

Deferred Tax Assets and Liabilities are classified as current assets and liabilities respectively.

IV. SIGNIFICANT ACCOUNTING POLICIES:

A summary of the significant accounting policies applied in the preparation of the financial statements are as given below. These accounting policies have been applied consistently to all the periods presented in the financial statements, unless otherwise stated.

1) **Inventories**

a) **Raw materials:**

Valued at lower of cost and net realisable value (NRV). However, these items are considered to be realisable at cost, if the finished products, in which they will be used, are expected to be sold at or above cost. Cost is determined on weighted average basis.

b) **Work-in- progress (WIP) and finished goods**

Valued at lower of cost and NRV. Cost of Finished goods and WIP includes cost of raw materials, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost of inventories is computed on weighted average basis.

c) **Waste / Scrap**

Waste / Scrap inventory is valued at NRV. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

However, materials and other supplies held for use in the production of inventories (finished goods, work-in-progress) are not written down below the cost if the finished products in which they will be used are expected to sell at or below the cost.

Materials in transit are valued at cost to date.

d) **Stores, spares and consumables**

Stores spares, packing material and all consumables items held for use in the production of inventories are charged to profit & loss account as and when purchased.

Provision is recognized for damaged, defective or obsolete stocks where necessary.

LUHARUKA & ASSOCIATES CHARTERED ACCOUNTANTS FRN-01882S SECUNDERABAD

2) **Cash and Cash Equivalents**

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

3) **Cash Flows**

Cash flows are reported using the indirect method, where by net profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities are segregated.

4) **Income Tax**

Income Tax comprises current and deferred tax.

a) **Current Tax**

Current Tax is measured on the basis of estimated taxable income for the current accounting period in accordance with the applicable tax rates and the provisions of the Income-tax Act, 1961. Current income tax is recognized in the statement of profit and loss except to the extent that it relates to an item recognized directly in equity or in other comprehensive income.

b) **Deferred Tax**

Deferred tax is provided, on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax assets and liabilities are measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the reporting date. Tax relating to items recognised directly in equity or OCI is recognised in equity or OCI and not in the statement of profit and loss.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable.

MAT Credit is recognized as an asset only when and to the extent there is convincing evidence that the Company will pay normal Income Tax during the specified period. In the year in which the Minimum Alternative Tax (MAT) credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in guidance note issued by the ICAI, the said asset is created by way of credit to statement of profit and loss and shown as MAT credit entitlement. The Company reviews the same at each Balance Sheet date and writes down the carrying amount of MAT entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal Income Tax during the specified period.

5) **Property, Plant and Equipment**

a) **Recognition and Measurement**

i) Property, plant and equipment held for use in the production or/and supply of goods or services, or for administrative purposes, are stated in the balance sheet at cost, less any accumulated depreciation and accumulated impairment losses (if any).

ii) Cost of an item of property, plant and equipment acquired comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting any trade discounts and rebates, any directly attributable costs of bringing the assets to its working condition and location for its intended use and present value of any estimated cost of dismantling and removing the item and restoring the site on which it is located.

iii) In case of self-constructed assets, cost includes the costs of all materials used in construction, direct labour, allocation of directly attributable overheads, directly attributable borrowing costs incurred in bringing the item to working condition for its intended use, and estimated cost of dismantling and removing the item and restoring the site on which it is located. The costs of testing whether the asset is functioning properly, after deducting the net proceeds from selling items produced while bringing the asset to that location and condition are also added to the cost of self-constructed assets.

iv) For transition to IND AS, the company has revalued land at fair value as deemed cost and considered other assets at Ind AS Cost.

v) Gains or losses arising from de-recognition of property, plant and equipment are measured as the difference between the net disposal proceeds and the carrying amount of the asset is recognized in the statement of profit and loss.

vi) Subsequent costs are included in the asset's carrying amount, only when it is probable that future economic benefits associated with the cost incurred will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. Major Inspection/ Repairs/ Overhauling expenses are recognized in the carrying amount of the item of property, plant and equipment a replacement if the recognition criteria are satisfied. Any Unamortized part of the previously recognized expenses of similar nature is derecognized.

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

viii) The Company identifies and determines cost of asset significant to the total cost of the asset having useful life that is materially different from that of the remaining life.

ix) Research and development costs that are in nature of tangible/ intangible assets and are expected to generate probable future economic benefits are capitalized and classified under

CHARTERED ACCOUNTANTS

tangible/intangible assets and depreciated on the same basis as other fixed assets. Revenue expenditure on research and development is charged to the statement of profit and loss in the year in which it is incurred.

b) **Depreciation and Amortization**

i) Depreciation commences when the assets are ready for their intended use which is generally on commissioning. Depreciation on property, plant and equipment is provided under Straight Line Method over the useful lives of assets prescribed by Schedule II of the Companies Act, 2013. Depreciation in change in the value of fixed assets due to exchange rate fluctuation has been provided prospectively over the residual life of the respective assets. Land is not depreciated. The estimated useful lives of property plant and equipment of the company are as follows:

Building	30-60 Years
Leasehold Improvements	Shorter of lease period or estimated useful lives
Plant and Equipment	7-25 Years
Furniture and Fixtures	8-10 Years
Vehicles	8-10 Years
Office Equipments	5 Years

ii) Depreciation in respect of property, plant and equipment added / disposed off during the year is provided on pro-rata basis, with reference to the date of addition/disposal.

6) **Intangible Assets**

i) Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment loss, if any.

ii) Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss.

iii) Intangible assets are amortised on straight line basis over its estimated useful life of 5 years.

7) **Impairment of tangible and intangible assets**

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

LUHARUKA & ASSOCIATES CHARTERED ACCOUNTANTS FRN-01882S SECUNDERABAD

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES, JUDGEMENTS & KEY ESTIMATES (CONTD.)

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.
If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the statement of profit and loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the statement of profit and loss.
Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired.

8) **Capital Work in Progress**

Capital work-in-progress is stated at cost which includes expenses incurred during construction period, interest on amount borrowed for acquisition of qualifying assets and other expenses incurred in connection with project implementation in so far as such expenses relate to the period prior to the commencement of commercial production.

9) **Investment in Joint-Venture**

Investment in Joint-venture is measured at cost less impairment loss, if any.
The joint arrangement is structured through a separate vehicle and the legal form of the separate vehicle, the terms of the contractual arrangement and, when relevant, any other facts and circumstances gives the Company rights to the net assets of the arrangement (i.e. the arrangement is a joint venture). The activities of the joint venture are primarily aimed to provide the third parties with an output and the parties to the joint venture will not have rights to substantially all the economic benefits of the assets of the arrangement.

10) **Investment in subsidiaries and associates**

Investments in subsidiaries and associates are recognised at cost as per IND AS 27. Except where investments accounted for at cost shall be accounted for in accordance with IND AS 105, Non-current Assets held for Sale and Discontinued Operations, when they are classified as held for sale.

11) **Leases**

a) **The Company as lessor**

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

CHARTERED ACCOUNTANTS FRN-0

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

b) **The Company as lessee**

The Company assesses whether a contract is or contains a lease, at inception of the contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the lease term, unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed. Contingent and variable rentals are recognized as expense in the periods in which they are incurred.

c) **Lease Liability**

The lease payments that are not paid at the commencement date are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments) payable during the lease term and under reasonably certain extension options, less any lease incentives;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the Balance Sheet.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Company re-measures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is re-measured by discounting the revised lease payments using a revised discount rate.
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is re-measured by discounting the revised lease payments using a revised discount rate.

LUHARUKA & ASSOCIATES CHARTERED ACCOUNTANTS FRN-01882S SECUNDERABAD

d) **Right of Use (ROU) Assets**

The ROU assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the company incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognized and measured under Ind AS 37- Provisions, Contingent Liabilities and Contingent Assets. The costs are included in the related right-of-use asset.

ROU assets are depreciated over the shorter period of the lease term and useful life of the underlying asset. If the company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. The depreciation starts at the commencement date of the lease.

The ROU assets are not presented as a separate line in the Balance Sheet but presented below similar owned assets as a separate line in the PPE note under "Notes forming part of the Financial Statement".

The Company applies Ind AS 36- Impairment of Assets to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as per its accounting policy on 'property, plant and equipment'.

As a practical expedient, Ind AS 116 permits a lessee not to separate non-lease components when bifurcation of the payments is not available between the two components, and instead account for any lease and associated non-lease components as a single arrangement. The Company has used this practical expedient.

Extension and termination options are included in many of the leases. In determining the lease term, the management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option.

12) **Revenue Recognition**

Revenue is measured at the fair value of the consideration received or receivable, and represents amount receivable from sale of copper products, sale of energy, lease rental and export incentives, stated net of discounts.

Ind AS 115 "Revenue from Contracts with Customers", introduced one single new model for recognition of revenue which includes a 5-step approach and detailed guidelines. Among other, such guidelines are on allocation of revenue to performance obligations within multi-element arrangements, measurement and recognition of variable consideration and the timing of revenue recognition.

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

LUHARUKA & ASSOCIATES CHARTERED ACCOUNTANTS FRN-01882S SECUNDERABAD

BHAGYANAGAR COPPER PRIVATE LIMITED

CIN: U27100TG2008PTC125034

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2023 (CONTD.)

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES, JUDGEMENTS & KEY ESTIMATES (CONTD.)

a) **Revenue from sale of goods**

Revenue from the sale copper products is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. Company recognizes revenue at a point in time, when control is transferred to the customer, and the consideration agreed is expected to be received. Control is generally deemed to be transferred upon delivery of the products in accordance with the agreed delivery plan.

In case of related party transactions where related party meets the definition of customer (i.e. a party that has contracted with the Company to obtain goods or services that are an output of the Company's ordinary activity in exchange for consideration) and the transactions are within the scope of the standard then the revenue is recognized based on the principles of IND AS 115.

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

Revenues for services are recognized when the service rendered has been completed.

b) **Revenue from services**

Revenue from services mainly consists of the following;

- **Income from Lease Rent**

Revenue from services, which mainly consists of lease rentals from letting of space, is recognized over time on satisfying performance obligations as per the terms of agreement, that is, by reference to the period in which services are being rendered. Revenue from services, if any, involving single performance obligation is recognized at a point in time

- **Income from job works**

Income from job work is accounted for on the basis of actual quantity dispatched. When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction shall be recognized by reference to the stage of completion (Percentage of Completion Method) of the transaction at the end of the reporting period. Advances received from the customers are reported as customer's deposits unless the above conditions for revenue recognition are met.

- **Sale of energy**

Revenue from operations comprises of sale of power. Revenue is recognized at an amount that reflects the consideration for which the Company expects to be entitled in exchange for transfer of power (goods / service) to the customer. Revenue from sale of power is accounted for in accordance with tariff provided in Power Purchase Agreement (PPA) read with the regulations of respective regulatory authorities and no significant uncertainty as to the measurability or collectability exist. There is no impact on the adoption of the standard in the financial statement as the Company's revenue primarily comprised of revenue from sale of power and the recognition criteria of this revenue stream is largely unchanged by Ind AS 115.

Contract Assets

Contract assets are recognized when there is excess of revenue earned over billings on contracts. Unbilled receivables where further subsequent performance obligation is pending are classified as contract assets when the company does not have unconditional right to receive cash as per contractual terms. Revenue recognition for fixed price development contracts is based on percentage

CHARTERED ACCOUNTANTS FRN-01802S

of completion method. Invoicing to the clients is based on milestones as defined in the contract. This would result in the timing of revenue recognition being different from the timing of billing the customers. Unbilled revenue for fixed price development contracts is classified as non-financial asset as the contractual right to consideration is dependent on completion of contractual milestones.

Impairment of Contract asset

The Company assesses a contract asset for impairment in accordance with Ind AS 109.An impairment of a contract asset is measured, presented and disclosed on the same basis as a financial asset that is within the scope of Ind AS 109.

Contract Liability

Contract Liability is recognized when there are billings in excess of revenues and it also includes consideration received from customers for whom the company has pending obligation to transfer goods or services.

The billing schedules agreed with customers include periodic performance based payments and / or milestone based progress payments. Invoices are payable within contractually agreed credit period.

Modification in contract

Contracts are subject to modification to account for changes in contract specification and requirements. The Company reviews modification to contract in conjunction with the original contract, basis which the transaction price could be allocated to a new performance obligation, or transaction price of an existing obligation could undergo a change. In the event transaction price is revised for existing obligation, a cumulative adjustment is accounted for.

c) **Interest Income**

Interest income from a financial asset is recognized when it is probable that the economic benefit will flow to the company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to principal outstanding and the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial assets to that assets' net carrying amount on initial recognition.

13) **Retirement and other employee benefits**

a) **Short Term Employee Benefits**

Short term employee benefit obligations are measured on an undiscounted basis and are expensed as the related services are provided. Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within twelve months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period.

LUHARUKA & ASSOCIATES CHARTERED ACCOUNTANTS FRN-01882S SECUNDERABAD

b) **Other Long Term Employee Benefits**

The liabilities for earned leaves that are not expected to be settled wholly within twelve months are measured as the present value (determined by actuarial valuation using the projected unit credit method) of the expected future payments to be made in respect of services provided by employees up to the end of the reporting period and recognized in books of accounts. The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds. Re-measurements as the result of experience adjustment and changes in actuarial assumptions are recognized in statement of profit and loss.

c) **Post-Employment Benefits**

The Company operates the following post-employment schemes:

i) **Defined Benefit Plan**

The liability or asset recognized in the Balance Sheet in respect of defined benefit plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The Company's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods.

The defined benefit obligation is calculated annually by Actuaries using the projected unit credit method. The liability recognized for defined benefit plans is the present value of the defined benefit obligation at the reporting date less the fair value of plan assets, together with adjustments for unrecognized actuarial gains or losses and past service costs. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Past service cost is recognized in the statement of profit and loss in the period of a plan amendment. The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds.
Re-measurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest), is reflected immediately in the Balance Sheet with a charge or credit recognized in Other Comprehensive Income (OCI) in the period in which they occur. Re-measurement recognized in OCI is reflected immediately in retained earnings and will not be reclassified to statement of profit and loss.

ii) **Defined Contribution Plan**

Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation other than the contribution payable to the Provident fund. Contribution payable under the provident fund is recognized as expenditure in the statement of profit and loss and/or carried to Construction work-in-progress when an employee renders the related service.

LUHARUKA & ASSOCIATES
CHARTERED ACCOUNTANTS
FRN-01882S
SECUNDERABAD

14) **Government Grants**

Government grants are recognized at their fair values when there is reasonable assurance that the grants will be received and the Company will comply with all the attached conditions.

a) Government grants are recognized in the statement of profit or loss on a systematic basis over the periods in which the Company recognizes the related costs for which the grants are intended to compensate.

b) Grants related to acquisition/ construction of property, plant and equipment are recognized as deferred revenue in the Balance Sheet and transferred to the statement of profit or loss on a systematic and rational basis over the useful lives of the related asset.

15) **Foreign Currency Transactions**

a) The functional currency and presentation currency of the company is Indian Rupee (INR).
b) Transactions in currencies other than the company's functional currency are recorded on initial recognition using the exchange rate at the transaction date. At each balance sheet date, foreign currency monetary items are reported using the closing rate.
c) Non- monetary items that are measured in terms of historical cost in foreign currency are not retranslated. Exchange difference that arise on settlement of monetary items or on reporting of monetary items at each Balance sheet date at the closing spot rate are recognized in profit or loss in the period in which they arise except for:

i) exchange difference on foreign currency borrowings related to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest cost on those foreign currency borrowings; and
ii) exchange differences on transactions entered into in order to hedge certain foreign currency risks.
iii) exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to the Statement of Profit and Loss on repayment of the monetary items.

According to Appendix B of Ind AS 21 "Foreign currency transactions and advance consideration", purchase or sale transactions must be translated at the exchange rate prevailing on the date the asset or liability is initially recognized. In practice, this is usually the date on which the advance payment is paid or received. In the case of multiple advances, the exchange rate must be determined for each payment and collection transaction

16) **Borrowing Cost**

Borrowing cost include interest expense calculated using the Effective interest method, finance charges in respect of assets acquired on finance lease and exchange difference arising on foreign currency borrowings to the extent they are regarded as an adjustment to the finance cost.

Borrowing costs (including other ancillary borrowing cost) directly attributable to the acquisition or construction of a qualifying asset are capitalized as a part of the cost of that asset that necessarily takes a substantial period of time to complete and prepare the asset for its intended use or sale. The Company considers a period of twelve months or more as a substantial period of time.

Transaction costs in respect of long term borrowing are amortized over the tenure of respective loans using Effective Interest Rate (EIR)method. All other borrowing costs are recognized in the statement of profit and loss in the period in which they are incurred.

17) **Earnings per Share**

Earnings per share is calculated by dividing the net profit or loss before OCI for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. For the purpose of calculating diluted earnings per share, the net profit or loss before OCI for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

18) **Exceptional Item**

Exceptional items include income or expense that are considered to be part of ordinary activities, however are of such significance and nature that separate disclosure enables the user of the financial statements to understand the impact in a more meaningful manner. Exceptional items are identified by virtue of either their size or nature so as to facilitate comparison with prior periods and to assess underlying trends in the financial performance of the Company.

19) **Financial Guarantee Contract**

Financial guarantee contract provided to the lenders of the Company by its Parent Company is measured at their fair values and benefit of such financial guarantee is recognized to equity as a capital contribution from the parent.

20) **Financial Instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and financial liabilities are recognized when a Company entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss and ancillary costs related to borrowings) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in statement of profit and loss.

LUHARUKA & ASSOCIATES
CHARTERED ACCOUNTANTS
FRN-01882S
SECUNDERABAD

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES, JUDGEMENTS & KEY ESTIMATES (CONTD.)

a) **Financial Assets**

i) **Classification and Subsequent Measurement**
For purposes of subsequent measurement, financial assets are classified in four categories:

- Measured at Amortized Cost
- Measured at Fair Value Through Other Comprehensive Income (FVTOCI)
- Measured at Fair Value Through Profit or Loss (FVTPL) and
- Equity Instruments measured at Fair Value Through Other Comprehensive Income (FVTOCI)

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

- **Measured at Amortized Cost**

The Financial assets are subsequently measured at the amortized cost if both the following conditions are met:

- The asset is held within a business model whose objective is achieved by both collecting contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR)method. Income is recognized on an effective interest basis for debt instruments other than those financial assets classified as FVTPL. Interest income is recognized in the statement of profit and loss.

- **Measured at Fair Value Through Other Comprehensive Income (FVTOCI)**

The financial assets are measured at the FVTOCI if both the following conditions are met:

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

Debt instruments meeting these criteria are measured initially at fair value plus transaction costs. They are subsequently measured at fair value with any gains or losses arising on re-measurement recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains or losses. Interest calculated using the effective interest method is recognized in the statement of profit and loss in investment income.

- **Measured at Fair Value Through Profit or Loss (FVTPL)**

Financial assets are measured at fair value through profit or Loss unless it is measured at amortised cost or at fair value through other comprehensive income on initial recognition. Gains or losses arising on re-measurement are recognized in the statement of profit and loss. The net gains or loss recognized in statement of profit and loss incorporates any dividend or interest earned on the financial assets and is included in the "Other income" line item.

- **Equity Instruments measured at Fair Value Through Other Comprehensive Income (FVTOCI)**

All equity investments in scope of Ind AS – 109 are measured at fair value. Equity instruments which are, held for trading are classified as at FVTPL. For all other equity instruments, the company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The company makes such election on an instrument-by instrument basis. The classification is made on initial recognition and is irrevocable. In case the company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to P&L, even on sale of investment.

ii) **Derecognition**

The Company derecognizes a financial asset on trade date only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

iii) **Impairment of Financial Assets**

In accordance with Ind AS 109, the Company uses 'Expected Credit Loss' (ECL model, for evaluating impairment of financial assets other than those measured at fair value through profit and loss (FVTPL). Expected credit losses are measured through a loss allowance at an amount equal to:

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

- Full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument)

For trade receivables Company applies 'simplified approach' which requires expected lifetime losses to be recognized from initial recognition of the receivables. The Company uses historical default rate to determine impairment loss on the portfolio of trade receivables. At every reporting date these historical default rates are reviewed and changes in the forward looking estimates are analysed.

For other assets, the Company uses 12 month ELC to provide for impairment loss where there is no significant increase in credit risk. If there is significant increase in credit risk full lifetime ELC is used.

iv) **Foreign exchange gains and losses**

The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. For foreign currency denominated financial assets measured at amortised cost, the exchange differences are recognized in the statement of profit and loss.

LUHARUKA & ASSOCIATES CHARTERED ACCOUNTANTS FRN-01882S SECUNDERABAD

b) **Financial Liabilities and equity instruments**

Debts and equity instruments issued by a Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instruments.

Equity Instruments
An equity instrument is any contract that evidences a residual interest in the assets of an equity after deducting all of its liabilities. Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

Financial Liabilities

i) **Recognition and Initial Measurement**

Financial liabilities are classified, at initial recognition, as at fair value through profit or loss, loans and borrowings, payables or as derivatives as appropriate. All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

ii) **Subsequent Measurement**

Financial liabilities are measured subsequently at amortized cost or FVTPL. A financial liability is classified as FVTPL if it is classified as held for-trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest rate method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on de-recognition is also recognized in profit or loss.

iii) **Financial Guarantee Contracts**
Financial guarantee contracts issued by the company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument.

Financial guarantee contracts are recognized initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is - measured at the higher of the amount of loss allowance determined as per impairment requirement of Ind AS 109 and the amount recognized less cumulative amortization.

iv) **De-recognition**

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

LUHARUKA & ASSOCIATES
CHARTERED ACCOUNTANTS
FRN-01882S
SECUNDERABAD

v) **Foreign exchange gains and losses**

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments and are included in statement of profit and loss. The fair value of the financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period.

vi) **Offsetting financial instruments**

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

c) **Derivative financial instruments**

The Company uses derivative financial instruments such as forward, swap, options etc. to hedge against interest rate and foreign exchange rate risks, including foreign exchange fluctuation related to highly probable forecast sale. The realized gain / loss in respect of hedged foreign exchange contracts which has expired / unwinded during the year are recognized in the statement of profit and loss and included in other operating revenue / other expense as the case may be. However, in respect of foreign exchange forward contracts period of which extends beyond the balance sheet date, the fair value of outstanding derivative contracts is marked to market and resultant net loss/gain is accounted in the statement of profit and loss. Company does not hold derivative financial instruments for speculative purposes.

d) **Derivatives and Hedge Accounting**

Derivatives are initially recognized at fair value and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gains / losses are recognized in Statement of Profit and Loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of recognition in profit or loss / inclusion in the initial cost of non-financial asset depends on the nature of the hedging relationship and the nature of the hedged item. The Company complies with the principles of hedge accounting where derivative contracts are designated as hedge instruments. At the inception of the hedge relationship, the Company documents the relationship between the hedge instrument and the hedged item, along with the risk management objectives and its strategy for undertaking hedge transaction, which is a cash flow hedge.

e) **Cash Flow Hedge**

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in the other comprehensive income and accumulated as 'Cash Flow Hedging Reserve'. The gains / losses relating to the ineffective portion are recognized in the Statement of Profit and Loss. Amounts previously recognized and accumulated in other comprehensive income are reclassified to profit or loss when the hedged item affects the Statement of Profit and Loss. However, when the hedged item results in the recognition of a non-financial asset, such gains / losses are transferred from equity (but not as reclassification adjustment) and included in the initial measurement cost of the non- financial asset. Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gains /losses recognized in other comprehensive income and accumulated in equity at that time remain in equity and is reclassified when the underlying transaction is ultimately recognized. When an underlying transaction is no longer expected to occur, the gains / losses accumulated in equity are recognized immediately in the Statement of Profit and Loss.

21) **Provisions, Contingent Liabilities and Contingent Assets**

a) **Provisions**

i) Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions is measured using the cash flows estimated to settle the present obligation and when the effect of time value of money is material, Provisions are determined by discounting the expected future cash flows (representing the best estimate of the expenditure required to settle the present obligation at the balance sheet date) at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost. Reimbursement expected in respect of expenditure required to settle a provision is recognized only when it is virtually certain that the reimbursement will be received.

ii) **Decommissioning Liability**

Restoration/ Rehabilitation/ Decommissioning cost are provided for in the accounting period when the obligation arises based on the NPV of the estimated future cost of restoration to be incurred. It includes the dismantling and demolition of infrastructure and removal of residual material. This provision is based on all regulatory requirements and related estimated cost based on best available information.

iii) **Onerous Contracts**

Present obligations arising under onerous contracts are recognized and measured as provisions. An onerous contract is considered to exist when a contract under which the unavoidable costs of meeting the obligations exceed the economic benefits expected to be received from it.

b) **Contingent Liabilities**

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

c) **Contingent Assets**

Contingent assets usually arise from unplanned or other unexpected events that give rise to the possibility of an inflow of economic benefits. Contingent Assets are not recognized though are disclosed, where an inflow of economic benefits is probable.

22) **Operating Segment**

The identification of operating segment is consistent with performance assessment and resource allocation by the chief operating decision maker. An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses including revenues and expenses that relate to transactions with any of the other components of the Company and for which discrete financial information is available. All operating segment's operating results are reviewed regularly by the chief operating decision maker to make decisions about resources to be allocated to the segments and assess their performance.

23) **Employee Share based payment**

Equity- settled share-based payments to employees are measured at the fair value of the employee stock options at the grant date. The fair value of option at the grant date is expensed over the vesting period with a corresponding increase in equity as "Employee Stock Options Account". In case of forfeiture of unvested option, portion of amount already expensed is reversed. In a situation where the vested option forfeited or expires unexercised, the related balance standing to the credit of the "Employee Stock Options Account" are transferred to the "General Reserve". When the options are exercised, the Company issues new equity shares of the Company of `1/- each fully paid-up. The proceeds received and the related balance standing to credit of the Employee Stock Options Account, are credited to share capital (nominal value) and Securities Premium Account.

24) **Measurement of Fair Values**

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

a) In the principal market for the asset or liability, or
b) In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

25) **Non-Current Assets held for sale**

The Company classifies non-current assets as held for sale if their carrying amounts will be recovered principally through as sale rather than through continuing use of the assets and actions required to complete such sale Indicate that it is unlikely that significant changes to the plan to sell will be made or that the decision to sell will be withdrawn. Also, such assets are classified as held for sale only if the management expects to complete the sale within one year from the date of classification. On-current assets classified as held for sale are measured at the lower of their carrying amount and the fair value less cost to sell. Non-current assets are not depreciated or amortized.

26) **Events after Reporting date**

Where events occurring after the Balance Sheet date provide evidence of conditions that existed at the end of the reporting period, the impact of such events is adjusted within the financial statements. Otherwise, events after the Balance Sheet date of material size or nature are only disclosed.

27) **Research and Development**

Expenditure on research is recognized as an expense when it is incurred. Expenditure on development which does not meet the criteria for recognition as an intangible asset is recognized as an expense when it is incurred.

Items of property, plant and equipment and acquired Intangible Assets utilized for Research and Development are capitalized and depreciated in accordance with the policies stated for Property, Plant and Equipment and Intangible Assets.

LUHARUKA & ASSOCIATES CHARTERED ACCOUNTANTS FRN-01882S SECUNDERABAD

Notes to the financial statements for the year ended 31 March 2023

Note: 5 Property, Plant & Equipment

Following are the changes in the carrying value of Property, Plant and Equipment for the Period Ended 31st March 2023

(All amounts are in Indian Rupees (lakhs) except share data and where otherwise stated)

Particulars	Free hold land	Factory Building	Plant & Machinery	Electrical Installation	Vehicles	Furniture and Fixtures	Computers	Grand Total
A. Gross Block								
At 1st April, 2021	**1,202.31**	**377.12**	**2,206.20**	**459.89**	**37.19**	-	2.50	4,285.21
Additions		-	135.33	-	5.59	6.00	-	146.92
Disposals	-	-				-		-
At 31st March, 2022	**1,202.31**	**377.12**	**2,341.53**	**459.89**	**42.78**	**6.00**	**2.50**	**4,432.13**
Additions		-	355.96	-	404.23	0.35	1.29	761.82
Disposals	-	-	(57.60)			-		(57.60)
At 31st March, 2023	1,202.31	377.12	2,639.89	459.89	447.00	6.35	3.79	5,136.35
B. Depreciation								
At 1st April, 2021	-	**66.95**	**242.22**	**55.38**	**7.45**	-	1.00	372.99
Charge for the Year	-	**23.88**	**146.10**	**29.13**	**4.57**	**0.02**	0.80	204.49
Disposals	-	-						-
At 31st March, 2022	-	**90.83**	**388.32**	**84.50**	**12.01**	**0.02**	**1.79**	**577.48**
Charge for the Year	-	23.88	159.13	28.89	17.93	0.60	0.76	231.20
Disposals	-	-	(28.80)					(28.80)
At 31st March, 2023	-	114.72	518.64	113.40	29.95	0.62	2.56	779.88
C. Net Block (A-B)								
At 31st March, 2022	1,202.31	286.29	1,953.21	375.39	30.76	5.98	0.70	3,854.66
At 31st March, 2023	1,202.31	262.41	2,121.25	346.50	417.06	5.73	1.23	4,356.47

Notes to the financial statements for the year ended 31 March 2023

(All amounts are in Indian Rupees (lakhs) except share data and where otherwise stated)

6

Other financial assets	Sub Note	As at 31.03.2023	As at 31.03.2022
Unsecured, Considered good.			
(a) Security Deposits	6(a)	79.81	47.49
TOTAL		79.81	47.49

Note 6(a) **Security deposits primarily include Deposits to Shipping Agencies and Electricity deposits.**

7

Inventories	Sub Note	As at 31.03.2023	As at 31.03.2022
(Valued at lower of Cost and Net Realisable Value)			
Raw Materials	7(a)	4,023.61	2,157.60
Work in Process		624.44	-
Finished Goods		270.78	-
Material - in- Transit		679.17	-
TOTAL		5,598.01	2,157.60

Note 7(a) **All the Working Capital Facilities of the company are secured by hypothecation of inventories(Part of Current Assets) . The monthly statements filed by the company with the bank(s) in respect of such facilities are in agreement with the books of accounts.**

9

Cash and Cash Equivalents*	Sub Note	As at 31.03.2023	As at 31.03.2022
(i) Cash on hand		1.90	1.25
(ii) Balances with Bank			
- In Foreign Currency account		2.69	908.24
TOTAL		4.60	909.50

10

Other Balances with Bank	Sub Note	As at 31.03.2023	As at 31.03.2022
Earmarked Balances with Bank*			
(i) Margin Money Deposit Against Bank Guarantee	10(a)	28.73	143.89
(ii) Accrued Interest on Fixed Deposit		1.09	2.98
TOTAL		29.80	146.88

Notes:

* **Earmarked balances with banks are denominated and held in Indian Rupees.**

10(a) **Margin money represents money with original maturity of more than 3 months having remaining maturity of less than 12 months from the Balance sheet date**

11

Current Tax Assets(Net)	Sub Note	As at 31.03.2023	As at 31.03.2022
(a) Income tax Receivable		97.76	131.9
Less: Provision for Taxes		(107.01)	(112.04)
(b) MAT Credit Entitlement		88.87	137.27
TOTAL		79.62	157.14

12

Other Current Asset	Sub Note	As at 31.03.2023	As at 31.03.2022
(a) Balances with Statutory Authorities	12(a)	2,011.65	1,369.32
(b) Advances To Suppliers		2,146.61	1,639.62
(c) Loan to staff		8.77	2.76
TOTAL		4,167.03	3,011.70

Notes:

12(a) **The Balance with Statutory Authorities includes IGST Refund (paid on Exports) Receivable -Rs.409.40 lacs**
No advances are due from directors or other officers of the company or any of them either severally or jointly with any other persons or advances due to firms or private companies respectively in which any director is a partner or a director or member

Notes to the financial statements for the year ended 31 March 2023

(All amounts are in Indian Rupees (lakhs) except share data and where otherwise stated)

8

Trade Receivables	Sub Note	As at 31.03.2023	As at 31.03.2022
Considered good – Unsecured			
Undisputed trade receivables considered good		1,755.83	2,445.88
Undisputed trade receivables - credit impaired		-	-
Disputed trade receivables considered good		-	-
Disputed trade receivables - credit impaired		-	-
Less: Allowance for expected credit losses		-	-
TOTAL		1,755.83	2,445.88

As at 31.03.2023						
Trade receivables ageing schedule	**Oustanding for following periods from due date of payment as on Balance sheet date**					
Particulars	**Less than 6 mnth**	**6 months to 1 year**	**1 to 2 years**	**2-3 Years**	**More than 3 years**	**Total**
Undisputed trade receivables considered good	1,751.08	4.75	-	-	-	1,755.83
Undisputed trade receivables - credit impaired	-	-	-	-	-	-
Disputed trade receivables considered good	-	-	-	-	-	-
Disputed trade receivables - credit impaired	-	-	-	-	-	-
Less: Allowance for expected credit losses		-	-	-	-	-
Total Trade receivables	1,751.08	4.75	-	-	-	1,755.83

As at 31.03.2022						
Trade receivables ageing schedule	**Oustanding for following periods from due date of payment as on Balance sheet date**					
Particulars	**Less than 6 mnth**	**6 months to 1 year**	**1 to 2 years**	**2-3 Years**	**More than 3 years**	**Total**
Undisputed trade receivables considered good	2,431.07	11.04	3.76	-	-	2,445.88
Undisputed trade receivables - credit impaired	-	-	-	-	-	-
Disputed trade receivables considered good	-	-	-	-	-	-
Disputed trade receivables - credit impaired	-	-	-	-	-	-
Less: Allowance for expected credit losses	-	-	-	-	-	-
Balance as at year end	2,431.07	11.04	3.76	-	-	2,445.88

Note :

1) All the Trade Receivables are Unsecured and good

2) No Debts due by Directors or other officers of the company or any of them either severally or jointly with any other person or debts due by firms or private companies respectively in which any director is a partner or a director or a member.

3) The company considers its maximum exposure to credit risk with respect to customers as at 31st March 2023 to be Rs. 1755.83 Lakhs (31st March 2022:2445.88 Lakhs) which is the carrying value of trade receivable after allowance for credit losses.

4) All the Working Capital Facilities of the company are secured by hypothecation of Trade Receivables(Part of Current Assets) . The monthly statements filed by the company with the bank(s) in respect of such facilities are in agreement with the books of accounts.

(All amounts are in Indian Rupees (lakhs) except share data and where otherwise stated)

13 Equity Share Capital	As at 31st March 2023		As at 31st March 2022	
	Number	Amount	Number	Amount
Authorised 20,000,000 (March 31, 2022 : 20,000,000)Equity Shares of Rs. 10 each	2,00,00,000	2,000	2,00,00,000	2,000
Issued, subscribed and fully paid-up shares 20,000,000 (March 31, 2022 : 20,000,000)Equity Shares of Rs. 10 each fully paid up	2,00,00,000	2,000	2,00,00,000	2,000
Total issued, subscribed and fully paid-up share capital	2,00,00,000	2,000	2,00,00,000	2,000

a) Term/rights attached to Equity Shares

The company has only one class of issued equity shares having a par value of Rs 10/- per share. Each shareholder is entitled to one vote per share. one vote per share. 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 prefential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

b) Reconciliation of Shares Outstanding at the beginning and at the end of the reporting year:

Particulars	As at 31st March 2023		As at 31st March 2022	
	Number	Amount	Number	Amount
Shares outstanding at the beginning of the year	2,00,00,000	2,000	2,00,00,000	2,000
Shares Issued during the year	-	-	-	-
Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	2,00,00,000	2,000	2,00,00,000	2,000

c) Particulars of share holders holding more than 5% shares in the Company

Name of Shareholder	As at 31st March 2023		As at 31st March 2022	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
BHAGYANAGAR INDIA LIMITED	1,99,99,900	100	1,99,99,900	100
Devendra Surana*	100	0	100	0
Total	2,00,00,000	100	2,00,00,000	100

As per records of the Company, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.

d) Shares Held by Promoters at the end of the year

Promoter Name	As at March 2023			As at March 2022		
	No. of shares Held	% of Holding of total shares	% change during the year	No. of shares Held	% of Holding of total shares	% change during the year
BHAGYANAGAR INDIA LIMITED	1,99,99,900	100	-	1,99,99,900	100.00	-
Devendra Surana*	100	0	-	100	0	-

* 100 shares of Devendra surana - Beneficial interest held by Bhagyanagar India Limited

The shareholding information has been extracted from the records of the Company including register of shareholders/ members and is based on legal ownership of shares.

CHARTERED ACCOUNTANTS FRN-01882S LUHARUKA & ASSOCIATES SECUNDERABAD

Notes to the financial statements for the year ended 31 March 2023

(All amounts are in Indian Rupees (lakhs) except share data and where otherwise stated)

14

Other equity	Reserves and Surplus		
	Retained Earnings	Capital reserve	Total
Balance at 1 April 2022 (A)	398.78	486.64	885.42
Profit for the year	403.08	-	403.08
Other Comprehensive Income (net of tax)	-	-	-
Reserve created during the year	-	-	-
Total Comprehensive Income for the year 2022-23 (B)	403.08	-	403.08
	-	-	-
Balance at 31 March 2023 C=(A+B)	801.86	486.64	1,288.50
	-	-	-
Balance at 1 April 2021 (D)	(272.44)	486.64	214.20
Profit for the year	671.22	-	671.22
Other Comprehensive Income (net of tax)	-	-	-
Total Comprehensive Income for the Year 2021-22 (E)	671.22	-	671.22
	-	-	-
Balance at 31 March 2022 F=(D+E)	398.78	486.64	885.42

The Description,Nature and Purpose of the each reserve with in equity are as follows

General Reserve: This reserve is created by an appropriation from one component of equity (generally retained earnings) to another, not being an item of OCI. The same can be utilised in accordance with the provisions of Companies Act 2013.

Retained earnings

Retained earnings comprises of prior year's undistributed earnings after taxes along with current year profit.

Capital Reserve

Capital Resere is created on account of Revaluation of Land at the time of conversion of Land from inventory to Capital Asset and the same is not available for distribution to the shareholders.

15

Non-Current Borrowings	Sub Note	As at 31.03.2023	As at 31.03.2022
Secured (Loan from banks)			
(a) Term Loan - HDFC Bank	15 (a)	555.06	859.67
(b)Guaranteed Emergency Credit Line - HDFC Bank	15 (b)	759.58	875.05
(A)		1,314.64	1,734.72
Vehicle Loans			
(a) HDFC Bank	15 (c)	243.23	
(b) Benz Financial Services	15 (d)	82.32	
	(A)	1,640.19	1,734.72
Less: Current maturities of long term borrowings (B)	(B)	519.84	425.37
Total C = (A-B)		**1,120.34**	**1,309.35**
UnSecured			
(Loan from related parties)*			
(a) Loan from holding Company	15 (e)	1,312.86	1,041.53
(b) Loan from Directors	15 (f)	-	186.71
(c) Loan from Associate Companies	15 (g)	1,722.81	1,113.02
	(D)	**3,035.68**	**2,341.26**
TOTAL (C+D)		4,156.02	3,650.61

Notes

15 (a) Term loan - HDFC Bank

The term loan sanctioned by HDFC Bank in April,2020 - Rs.1461 lacs . The loan is secured by personal guarantee of Directors,Corporate Guarantee of Holding Company and an Exclusive charge on entire Current Assets and Fixed Assets of the Company .It is also Secured by certain Fixed assets of the Holding Company.The Principal is repayable in 57 Monthly Instalments ending in November,2024 and carries a floating rate of interest .The Principal repayable during FY 2023-24 amounting to Rs.323.26 lacs- is classified under Current Maturities of Long Term Debt-Note:16

15 (b) Guaranteed Emergency Credit Line(GECL-WCTL) - HDFC Bank

Guaranteed Emergency Credit Line (GECL) of Rs.372 lacs is sanctioned by HDFC Bank by way of Working Capital Term Loan(WCTL) in the month of November,2020.There is a Principal Moratorium of 12 Months and the Principal repayment starts in the Month of December,2021. The Loan is repayable in 36 equal Monthly instalments and carries floating interest rate .The loan is secured by personal guarantee of Directors,Corporate Guarantee of Holding Company and an Exclusive charge on entire Current Assets and Fixed Assets of the Company. It is also Secured by certain Fixed assets of the Holding Company.The Principal repayable during FY 2023-24 amounting to Rs.125.31 lacs is classified under Current Maturities of Long Term Debt-Note:16.

CHARTERED ACCOUNTANTS FRN-018825

(All amounts are in Indian Rupees (lakhs) except share data and where otherwise stated)

Guaranteed Emergency Credit Line (GECL) Extension of Rs.540 lacs is sanctioned by HDFC Bank by way of Working Capital Term Loan(WCTL) in the month of January,2022.There is a Principal Moratorium of 24 Months and the Principal repayment starts in the Month of January,2024. The loan is secured by personal guarantee of Directors,Corporate Guarantee of Holding Company and an Exclusive charge on entire Current Assets and Fixed Assets of the Company .It is also Secured by certain Fixed assets of the Holding Company. The Loan is repayable in 36 equal Monthly instalments starting from January,2024 and carries a floating interest rate.The Principal repayable during FY 2023-24 amounting to Rs.12.82 lacs is classified under Current Maturities of Long Term Debt-Note:16.

15 (c) Vehicle Loan - HDFC Bank

The company availed a Car loan of Rs.253.62 lakhs from HDFC Bank during the FY 2022-23.The Loan is repayable in 60 Monthly instalments starting from January,2023 and carries floating interest rate.The loan is secured by exclusive charge on specific vehicles to specified lenders.The Principal repayable during FY 2023-24 amounting to Rs.43.76 lacs is classified under Current Maturities of Long Term Debt-Note:16.

15 (d) Vehicle Loan - Mercedes Benz Financial Services Pvt Limited

The company availed a Car loan of Rs.84.64 lakhs from Mercedes Benz Financial Services Pvt Limited during the FY 2022-23.The Loan is repayable in 60 Monthly instalments starting from January,2023 and carries floating interest rate..The loan is secured by exclusive charge on specific vehicles to specified lenders.The Principal repayable during FY 2023-24 amounting to Rs.14.69 lacs is classified under Current Maturities of Long Term Debt-Note:16.

Notes: Details of Unsecured Loans*

15 (e)	Loan from Holding Company Name of the company	Balance as on 31.03.2023	Balance as on 31.03.2022
	Bhagyanagar India Limited	1,312.86	1,041.53
	Total	1,312.86	1,041.53

*Unsecured Loan have been taken for business purpose at a mutually agreed rate of interest.There is no specific repayment Schedule.

15 (f)	Loan from Director Name of the Director	Balance as on 31.03.2023	Balance as on 31.03.2022
	Devendra Surana	-	186.71
	Total	-	186.71

*Unsecured Loan have been taken for business purpose at a mutually agreed rate of interest.There is no specific repayment Schedule.

15 (g)	Loan from Associate Companies Name of the company	Balance as on 31.03.2023	Balance as on 31.03.2022
	Surana Telecom and Power Ltd	1,722.81	1,113.02
	Total	1,722.81	1,113.02

*Unsecured Loan have been taken for business purpose at a mutually agreed rate of interest.There is no specific repayment Schedule.

LUHARUKA & ASSOCIATES CHARTERED ACCOUNTANTS FRN-01882S SEC

Notes to the financial statements for the year ended 31 March 2023

(All amounts are in Indian Rupees (lakhs) except share data and where otherwise stated)

16

Current Borrowings	Sub Note	As at 31.03.2023	As at 31.03.2022
Secured			
Cash Credit	16(a)	745.51	209.02
Export Packaging Credit	16(b)	5,801.75	2,488.77
Buyers Credit		-	907.67
Working Capital Loan ICICI Bank		-	1,200.00
		6,547.26	**4,805.46**
Current Maturities on Long Term Debt			
(a) Term loan - HDFC Bank	16(g)	323.26	308.25
(b) Guaranteed Emergency Credit Line - HDFC Bank	16(d)	138.14	117.12
(c) HDFC Bank - Vehicle Loan	16(e)	43.76	-
(d) Benz Financial Services - Vehicle Loan	16(f)	14.69	-
		519.84	**425.37**
UnSecured			
(Loan from related parties)*			
(a) Loan from Directors	16(g)	264.27	
(b) Loan from Associate Companies	16(h)	123.03	
		387.30	
TOTAL		**7,454.40**	**5,230.83**

Notes:

16(a)

Cash Credit loan from HDFC Bank and ICICI Bank is secured by personal guarantee of Directors,Corporate Guarantee of Holding Company and an Exclusive charge on entire Current Assets and Fixed Assets of the Company.The Company has taken loans against security of current assets and monthly statements of current assets filed by the Company with bank are in agreement with the books of accounts. It is repayable on demand and carries a floating interest rate.

16(b)

The company has availed Export packing credit from HDFC Bank and ICICI Bank .This facility is granted the Exporter Company for Financing its working capital needs as a Sub limit to Cash Credit which is eligible for interest Subvention of 3% .

16(c) **Term loan - HDFC Bank:**

Principal amount of Term loan from HDFC Bank repayable within one year is grouped under Current Maturities.(Also See Note:15(a))

16(d) **Guaranteed Emergency Credit Line - HDFC Bank:**

Principal amount of Guaranteed Emergency Credit Line from HDFC Bank repayable within one year is grouped under Current Maturities.(Also See Note:15(b))

16(e) **Vehicle Loan - HDFC Bank**

Principal amount of Vehicle Loan from HDFC Bank repayable within one year is grouped under Current Maturities.(Also See Note:15(c))

16(f) **Vehicle Loan - Mercedes Benz Financial Services Pvt Limited**

Principal amount of Vehicle Loan from Mercedes Benz Financial Services Pvt Limited repayable within one year is grouped under Current Maturities.(Also See Note:15(d))

16(g) **Loan from Director***

Name of the Director	Balance as on 31.03.2023	Balance as on 31.03.2022
Devendra Surana	264.27	-
Total	264.27	-

16(h) **Loan from Associate Companies***

Name of the company	Balance as on 31.03.2023	Balance as on 31.03.2022
Surana Infocom Pvt LTD	123.03	-
Total	123.03	-

LUHARUKA & ASSOCIATES CHARTERED ACCOUNTANTS FRN-01882S SECUNDERABAD

***Unsecured Loan have been taken for business purpose at a mutually agreed rate of interest.There is no specific repayment Schedule.**

Notes to the financial statements for the year ended 31 March 2023

(All amounts are in Indian Rupees (lakhs) except share data and where otherwise stated)

17	Trade Payables	Sub Note	As at 31.03.2023	As at 31.03.2022
	Unsecured			
	- Total Outstanding dues of "Micro and Small Enterprises"- (MSME)		1.07	-
	- Total Outstanding dues of Creditors Other than "Micro and Small Enterprises"- (MSME)	(a)	909.34	490.02
	TOTAL		910.41	490.02

Trade payable ageing schedule

As at March 31, 2023	Outstanding for following periods from due date of payment				
Particulars	Less than 1 Year	1-2 year	2-3 year	More than 3 Years	Total
MSME	1.07	-	-	-	1.07
Others	872.97	36.37	-	-	909.34
Disputed due- MSME	-	-	-	-	-
Disputed due- others	-	-	-	-	-
Total	874.04	36.37	-	-	910.41

As at March 31, 2022	Outstanding for following periods from due date of payment				
Undisputed Outstanding Dues	Less than 1 Year	1-2 year	2-3 year	More than 3 Years	Total
MSME	-	-	-	-	-
Others	-	-	-	-	-
Disputed due- MSME	-	-	-	-	-
Disputed due- others	438.22	45.98	5.81	-	490.02
Total	438.22	45.98	5.81	-	490.02

Note:

a) **Total Outstanding dues of Creditors Other than "Micro and Small Enterprises"- (MSME)**

Payable to Related Party	**Balance as on 31.03.2023**	**Balance as on 31.03.2022**
Name of the company		
Surana Solar Limited	-	282.99
Total	-	282.99

b) All the Trade payable are Unsecured mand good

c) There are no disputed trade payables in the current and previous year.

d) Terms and conditions of the above financial liabilities:

- Trade payables are non-interest bearing and are normally settled on 30-120 day terms.

e) No Debts due to Directors or other officers of the company or any of them either severally or jointly with any other person or debts due by firms or private companies respectively in which any director is a partner or a director or a member.

LUNKA & ASSOCIATES CHARTERED ACCOUNTANTS FRN-018825

Notes to the financial statements for the year ended 31 March 2023

(All amounts are in Indian Rupees (lakhs) except share data and where otherwise stated)

18

Deferred Tax Liability (net)	Sub Note	As at 31.03.2023	As at 31.03.2022
Deferred Tax Liability at the beginning of the year		-	-
Add: Deferred tax Liability on property, plant and equipment		82.58	-
Deferred Tax Liability at the end of the year		-	-
TOTAL		82.58	-

19

Other Current Liabilities	Sub Note	As at 31.03.2023	As at 31.03.2022
(a) Statutory Dues Payable		25.61	13.92
(b) Advance from Customers		44.78	404.74
TOTAL		70.39	418.66

20

Short Term Provisions	Sub Note	As at 31.03.2023	As at 31.03.2022
(a) Provision for employee benefits		4.00	4.00
(b) Provision for Expenses		104.88	51.29
TOTAL		108.88	55.29

21

Revenue from Operations	Sub Note	For the Year 31.03.2023	For the Year 31.03.2022
(a) Sale of Products			
Copper & Allied Products - Domestic		27,222.61	23,049.88
Copper Products - Export		30,808.33	37,314.68
GROSS SALES		58,030.94	60,364.56
Less: GST		6,806.05	5,857.12
NET SALES		51,224.89	54,507.44
TOTAL		51,224.89	54,507.44

22

Other Income	Sub Note	For the Year 31.03.2023	For the Year 31.03.2022
(a) Interest on Fixed Deposits		3.09	7.02
(b) Sundry Balances Written Back		10.81	5.70
(c) Other Income		2.41	-
TOTAL		16.31	12.71

23

Cost of Materials Consumed	Sub Note	For the Year 31.03.2023	For the Year 31.03.2022
Opening Stock Raw Materials		2,157.60	1,480.42
Add:Purchases (Net of GST)		49,009.27	50,925.98
Less:Closing Stock Raw Materials		4,023.61	2,157.60
TOTAL		47,143.27	50,248.81

LUHARUKA & ASSOCIATES CHARTERED ACCOUNTANTS FRN-01882S SECUNDERABAD

Notes to the financial statements for the year ended 31 March 2023

(All amounts are in Indian Rupees (lakhs) except share data and where otherwise stated)

24

Changes in Finished Goods, Work in Process and Material In Transit		For the Year 31.03.2023	For the Year 31.03.2022
Inventories at the Beginning of the year			
Finished Goods		-	-
Semi Finished Goods		-	-
Material in Transit		-	-
Total (A)		-	-
Inventories at the end of the year			
Finished Goods		270.78	-
Semi Finished Goods		624.44	-
Material in Transit		679.17	-
Total (B)		1,574.40	-
Total C=(A-B)		**(1,574.40)**	**-**

25

Employee Benefits Expense	Sub Note	For the Year 31.03.2023	For the Year 31.03.2022
(a) Salaries, Wages and Other Employee Benefits		419.59	305.04
(b) Contribution To Provident And Other Funds		45.61	24.86
TOTAL		465.20	329.90

26

Finance costs	Sub Note	For the Year 31.03.2023	For the Year 31.03.2022
(a) Interest on borrowing from Banks			
- Cash Credit & Others		283.63	206.62
- Long Term Loan		54.06	78.31
- Guaranteed Emergency Credit Line		72.78	34.57
- Financial Charges		39.63	32.40
(b) Interest expense On Unsecured Loan		295.50	346.17
TOTAL		745.60	698.07

LUHARUKA & ASSOCIATES
CHARTERED ACCOUNTANTS
FRN-01882S
SECUNDERABAD

Notes to the financial statements for the year ended 31 March 2023

(All amounts are in Indian Rupees (lakhs) except share data and where otherwise stated)

27

Other expenses	Sub Note	For the Year 31.03.2023	For the Year 31.03.2022
Consumption Of Stores and Spare Parts		381.88	243.67
Processing and Conversion charges		83.46	174.81
Power And Fuel		2,000.88	1,169.89
Repairs			
Buildings		63.66	43.86
Machinery		552.95	300.99
Others		30.54	23.87
CSR Expense		10.68	6.26
Insurance		22.88	10.92
Rates And Taxes		6.26	5.62
Packing And Forwarding		207.02	167.81
Other Miscellaneous Expenses		0.31	1.54
Payments To The Auditors			
- for Statutory Audit		2.00	1.00
Rent		8.22	8.22
Post.Tel & Telephone		2.21	4.52
Legal & Licence Fees		9.93	7.79
Advertisement And Sales Promotion		5.19	14.74
Professional Charges		14.22	16.13
Travelling & Conveyance		29.34	15.55
Sundry Balances Written Off		0.50	1.20
Office Maintenance		0.17	1.54
Watch & Ward		99.35	85.29
Membership & Subscription		0.60	8.21
Printing & Stationery		2.00	1.20
Filing Fees		0.30	0.38
Donation		1.13	0.28
Commission On Sales/Purchases		53.57	52.40
TOTAL		3,589.26	2,367.67

Other Miscellaneous Expense		For the Year 31.03.2023	For the Year 31.03.2022
Testing Charges		-	0.28
OtherExpenses		0.31	1.23
Water Charges		-	0.04
TOTAL		0.31	1.54

LUHARUKA & ASSOCIATES CHARTERED ACCOUNTANTS FRN-01388S

Notes Forming part of Financial Statements

28) **Related party transactions**

a. **List of Related Parties:**

i. **Holding Company:** Bhagyanagar India Limited

Key Managerial Personnel & their relatives:

(i) Narender Surana
(ii) Devendra Surana
(iii) Rakesh kumar AgarwaL(Whole Time Director)
(iv) Surendra Bhutoria (CFO)
(v) Manish Surana
(vi) Nivriti Samkit Jain
(vii) Advait Surana

ii. **Enterprises owned or significantly influenced by key management personnel or their relatives:**

(i) Surana Telecom and Power Limited
(ii) Surana Solar Limited
(iii) Surana Infocom Private Limited.
(iv) Tejas India Solar Energy Private Limited

A. **List of Transactions Occurred during the year are as follows:** Amount in Lacs (INR)

Related Party	Nature of transaction	2022-23	2021-22
Tejas India Solar Energy Pvt Ltd	Purchase Of Solar	-	15.68
Surana Solar Limited	Purchase of copper	-	912.76
Surana Solar Limited	Sale of Aluminum Scrap	-	0.54
Bhagyanagar India Ltd	Purchase of copper	138.50	2333.57
Bhagyanagar India Ltd	Job work paid	-	74.91
Bhagyanagar India Ltd	Sale of copper	1808.12	3630.18
Bhagyanagar India Ltd	Job work income	3839.05	1052.81
Bhagyanagar India Ltd	Interest Expense	105.03	201.12
Surana Telecom & Power Limited	Interest Expense	81.93	112.93
Surana Infocom Private Limited	Interest Expense	10.04	7.40
Devendra Surana	Interest Expense	98.50	24.71
Rakesh Agarwal	Remuneration – WTD	30.28	26.45
Manish Surana	Salary	16.92	-

LUHARUKA & ASSOCIATES CHARTERED ACCOUNTANTS FRN-01882S SECUNDERABAD

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2023 (CONTD.)

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES, JUDGEMENTS & KEY ESTIMATES (CONTD.)

Nivriti Samkit Jain	Salary	21.60	-
Advait Surana	Salary	10.80	-
Bhagyanagar Ventures Pvt Ltd	Lease Rent Paid	8.22	8.21
GM Surana Foundation Trust	CSR Expense	1.21	-

B. List of Transactions Occurred during the year are as follows:

Balance Outstanding	Nature of transaction	2022-23	2021-22
Surana Solar Limited	Trade Payable	-	282.99

C. Details of Loan given and recovered with the related parties during the year:

Related Party	Nature of transaction	2022-23	2021-22
BHAGYANAGAR INDIA LIMITED	Opening Balance	1041.53	2912.60
	Loan given during the year (net of amount received back)	271.34	Nil
	Repaid during the Year	-	1871.07
	Balance at the end of the Year (cr)*	1312.86	1041.53

Devendra Surana	Opening Balance	186.71	593.49
	Loan taken	2720.65	528.91
	Repaid during the Year	2643.09	935.69
	Closing Balance	264.27	186.71

Surana Telecom & Power Limited	Opening Balance	1113.02	667.97
	Loan taken	609.79	2522.13
	Repaid during the Year	-	2077.10
	Closing Balance	1722.81	1113.01

Surana Infocom Private Limited	Opening Balance	-	332.60
	Loan taken	173.03	335.66
	Repaid during the Year	50.00	668.26
	Closing Balance	123.03	-

(*) There are multiple transactions with the party. The amount represents net balance of multiple transactions during the year.

29) **Disclosure required under Section 186(4) of the Companies Act 2013**

In the opinion of Board of Directors and to the best of their knowledge and belief, the above disclosure pursuant to Securities Exchange Board Of India (Listing Obligation and Disclosure Requirement and Regulation 2015) and Section 186 of the Companies Act 2013.

30) In the opinion of Board of Directors and to the best of their knowledge and belief, the value on realization of current assets, loans and advances in the ordinary course of business, would not be less than the amount at which the same are stated in the Balance Sheet.

31) The Company is primarily engaged in the manufacture of copper products which as per Indian Accounting Standard – 108 on 'Operating Segments' is considered to be the only reportable business segment. The Company is operating in India which is considered as a single geographical segment.

32) **Auditors' Remuneration includes:** Amount in Lacs (INR)

Particulars	For the year ended 31st March 2023	For the year ended 31st March 2022
Statutory Auditors		
Audit Fees	2.00	1.00
Certification & Other Services	-	-
Total	**2.00**	**1.00**

33) **Sitting Fee to Directors**

Particulars	For the year ended 31st March 2023	For the year ended 31st March 2022
Sitting Fee to Directors	NIL	NIL

34) **TAX Expenses** Amount in Lacs (INR)

Particulars	For the year ended 31st March 2023	For the year ended 31st March 2022
Current Tax		
Current Tax Expense for the Year	107.01	112.04
Deferred Tax		
Deferred Tax Liability/(Asset)	82.58	-
MAT Credit entitlement for current year	48.40	(112.04)
Total Income Tax Expense	**237.99**	-

35) **Reconciliation of estimated income tax expenses at Indian statutory income tax rates to income tax expenses reported in statement of profit and loss:**

Amount in Lacs (INR)

Particulars	For the year ended 31st March 2023	For the year ended 31st March 2022
Income before taxes	641.07	671.22
Applicable Tax Rate	16.69%	16.69%
Estimated Income Tax Expense	**107.01**	**112.04**
Add: Effect of non-deductible expenses	-	-
(Less):Effect of allowances for tax purpose	-	-
Add/(Less): Effect of deferred tax	82.58	-
Add/(Less): Effect of MAT Credit	48.40	(112.04)
Tax Expense in Statement of Profit and Loss	**237.99**	-

36) **Net Debt Reconciliation**

Amount in Lacs (INR)

Particulars	For the year ended 31st March 2023	For the year ended 31st March 2022
Opening Balances of Borrowings	3,650.61	5,704.55
Add: Proceeds from Non Current Borrowings	505.41	-
Less: Repayment of Non Current Borrowings	-	2053.94
Closing Balance of Borrowings	**4,156.02**	**3,650.61**

37) As per Section 135 of the Companies Act, 2015, a CSR committee has been formed by the company. The disclosure in respect of CSR Expenditure during the year as aligned with the CSR Policy of the Company which is in line with the activities specified in Schedule VII of the Companies Act, 2013 is as under:

Amount Lacs (INR)

Particulars	For the year ended 31st March 2023	For the year ended 31st March 2022
Gross amount required to be spent by the Company during the year	6.26	
Related Party Transaction as per Ind AS 24 in relation to CSR activities (Refer note: 28)		
GM Surana Trust	1.21	
Others	5.04	

Amount Lacs (INR)

Particulars	Amount Paid	Amount yet to be paid	Amount Paid	Amount yet to be paid
	For the year ended 31st March 2023		For the year ended 31st March 2022	
(i) Construction/ acquisition of any asset	-	-	-	-
(ii) Purposes other than (i) above	**6.26**	-	-	-
TOTAL	**6.26**	-	-	-

Nature of CSR activities undertaken by the company	**1."Rural Development" - "Integrated Village Development (IVD) Project"** **2. "Promoting Healthcare including preventive health care – Health Project**	1."Rural Development" - "Integrated Village Development (IVD) Project" 2. "Promoting Healthcare including preventive health care – Health Project 3. Promoting Education 4. Environmental Sustainability 5. Animal Welfare

CHARTERED ACCOUNTANTS
SECUNDERABAD

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES, JUDGEMENTS & KEY ESTIMATES (CONTD.)

CSR Movement

Amount Lacs (INR)

Particulars	For the year ended 31st March 2023	For the year ended 31st March 2022
Opening Balance	6.26	-
Gross amount required to be spent by the Company during the year	-	-
Actual Spent	6.26	-
(Excess)/Short Spent	-	-

38) The information regarding amounts due to creditors registered under the Micro, Small and Medium Enterprises Development Act, 2006, has been given to the extent available with the Company based on the intimation received from the suppliers regarding their status under the Act. The required disclosures of outstanding dues of micro, small & medium enterprises are as under:

Amount Lacs (INR)

Sl No	Particulars	For the year ended 31st March 2023	For the year ended 31st March 2022
a)	Principal amount remaining unpaid as at 31st March	1.07	-
b)	Interest amount remaining unpaid as at 31st March	-	-
c)	Interest paid 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 year.	-	-
d)	Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro, Small and Medium Enterprises Development Act, 2006.	-	-
e)	Interest accrued and remaining unpaid as at 31st March	-	-
f)	Further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise.	-	-

39) **Earnings Per Share (EPS)**

Amount Lacs (INR)

Particulars	2022-23	2021-22
Net Profit after Tax	403.08	671.21
Net Profit after Tax available for equity share holders - For Basic and Diluted EPS	403.08	671.21
Weighted Average No. Of Equity Shares For Basic EPS (No.)	2,00,00,000	2,00,00,000
Weighted Average No. Of Equity Shares For Diluted EPS (No.)	2,00,00,000	2,00,00,000
Nominal Value of Equity Shares	2000.00	2000.00
Basic Earnings Per Equity Share	2.02	3.36
Diluted Earnings Per Equity Share	2.02	3.36

LUHARUKA & ASSOCIATES CHARTERED ACCOUNTANTS FRN-01882S SECUNDERABAD

40) Contingent Liabilities and Commitments (to the extent not provided for)

Amount Lacs (INR)

Particulars	As at 31-03-2023	As at 31-03-2022
Contingent Liabilities – Electricity Demand	154.65	154.65
Guarantees issued by the Bank	207.81	-

Note: TSSPDCL has raised a demand of Rs.154.65Lacs for previous years when the company was not under the control of current management. The demand is being contested and has been stayed by the Honorable High Court of Telangana.

41) Retirement and Other Employees Benefits

The Company's employee benefits primarily cover provident fund, gratuity and leave encashment. Provident fund is a defined contribution scheme and the company has no further obligation beyond the contribution made to the fund. Contributions are charged to the Profit & Loss account in the year in which they accrue. Gratuity liability is a defined benefit obligation and is based on the actuarial valuation done. The gratuity liability and the net periodic gratuity cost is actually determined after considering discounting rates, expected long term return on plan assets and increase in compensation level. All actuarial gain/ losses are immediately charged to the Profit & Loss account and are not deferred.

LUHARUKA & ASSOCIATES
CHARTERED ACCOUNTANTS
FRN-01882S
SECUNDERABAD

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2023 (CONTD.)

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES, JUDGEMENTS & KEY ESTIMATES (CONTD.)

A	**Expenses recognized in the Profit & Loss Account**		
	Particulars	**Gratuity**	
		2022-23	**2021-22**
	Current service cost	6.31	-
	Interest cost	1.59	-
	Expected Return on Planned Assets	1.47	-
	Net Actuarial Loss/ (Gain) recognized in the year	2.32	-
	Expenses recognized in Statement of Profit & Loss	**10.19**	**-**
B	**Change in Present value of obligation during the year ended 31st March, 2023**		
	Particulars	**Gratuity**	
		2022-23	**2021-22**
	Present Value of obligation as at beginning of the year	21.91	-
	Interest Cost	1.59	-
	Current Service Cost	6.31	-
	Benefits Paid-Actuals	-	-
	Actuarial (Gain)/ Loss on Obligations	3.76	-
	Present Value of obligation as at end of the year	**33.57**	**-**
C	**Change in fair value of Plan Assets during the year ended 31st March, 2023**		
	Particulars	**Gratuity**	
		2022-23	**2021-22**
	Fair value of Plan Assets as at the beginning of the year	21.00	-
	Expected Return on Plan Assets	1.47	-
	Contributions	-	-
	Benefits Paid	-	-
	Fair value of Plan Assets as at the end of the year	**22.48**	**-**
D	**Actuarial Gain/ loss recognized**		
	Particulars	**Gratuity**	
		2022-23	**2021-22**
	Actuarial (Gain) / Loss for the year –Obligation	3.76	-
	Total Loss for the Year	3.76	-
	Actuarial (Gain) / Loss recognized in the year	**3.76**	**-**
			-
E	**Actuarial assumption**		
	Particulars	**Gratuity**	
		2022-23	**2021-22**
	Discount rate used	7.25%	-
	Salary escalation	7.00%	-

LUHARUKA & ASSOCIATES
CHARTERED ACCOUNTANTS
FRN-01882S
SECUNDERABAD

BHAGYANAGAR COPPER PRIVATE LIMITED

CIN: U27100TG2008PTC125034

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2023 (CONTD.)

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES, JUDGEMENTS & KEY ESTIMATES (CONTD.)

42) Income tax assessment of the company, "Bhagyanagar Copper Private Limited" for the assessment year 2021-22 was completed on December 30, 2022, and the department has raised a demand for Rs. 66.42 crore on some unreasonable grounds. The company has appealed against it to the Commissioner of the Income Tax (Appeals) and a petition for review of order/ stay of demand has also been filed before the High-Pitched Assessment Committee. The company has been advised by the legal experts that it has a strong/ solid case, and hence, no provision has been made in the books of accounts.

43) **Sales (Gross) during the year:**

Sl.No.	Particulars	2022-23		2021-22	
		Qty(MTs)	Amount (Rs.in Lac)	Qty(MTs)	Amount (Rs.in Lac)
i	Copper	6072.41	45824.39	7345.88	55708.36
ii	By-Products	-	8269.73	-	3458.33
iii	Job Work Charges	14766.80	3936.82	7715.51	1197.88
	TOTAL	20839.21	58030.94	15061.39	60364.56

44) **Raw material consumed during the year:** Amount in Lacs (INR)

Sl.No.	Particulars	2022-23	2021-22
I	Copper/Copper Scrap	42337.85	48886.60
ii	Others	3231.02	1362.21
	TOTAL	**45568.87**	**50248.81**

45) **Details of imported and indigenous raw materials, spares and packing materials consumed:**

Amount in Lacs (INR)

Particulars	2022-23		2021-22	
	Value	% of Total Consumption	Value	% of Total Consumption
Raw materials & Components				
(a) Imported	40288.82	88.41	43519.12	86.60
(b) Indigenous	5280.05	11.59	6729.68	13.40
TOTAL	**45568.87**	**100.00**	**50248.81**	**100**
Stores & Spare Parts (including consumed for repair)				
(a) Imported	125.50	22.70	286.97	21.07
(b) Indigenous	427.55	77.30	1075.24	78.93
TOTAL	**553.05**	**100.00**	**1362.21**	**100**

46) **CIF Value of Imports** Amount in Lacs (INR)

Particulars	2022-23	2021-22
Raw material / Traded Goods	40288.82	43519.12
Stores & Spares	125.50	286.97
Total	**40414.32**	**43806.10**

LUHARUKA & ASSOCIATES SECUNDERABAD CHARTERED ACCOUNTANTS FRN-01882S

47) **Earning in Foreign Currency**

Particulars	2022-23	2021-22
FOB value of Export sale of goods	30808.23	37314.68
Total	30808.23	37314.68

48) **Financial Instruments and Risk management**

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

The fair value of trade receivable, trade payable and other current financial assets and liabilities is considered to be equal to the coiling value amounts of these items due to their short term nature. Where such items are non-current in nature the same has been classified as level 3 and fair value determine using discounted cash value basis.

Set out below is a comparison, by class, of the carrying amounts and fair value of the Company's financial instruments, other than those with carrying amounts that are reasonable approximates of fair values:

Particulars	Carrying value		Fair value	
	31st March 2023	31st March 2022	31st March 2023	31st March 2022
Other Financial Assets	79.81	47.49	79.81	47.49
Total Financial Assets	**79.81**	**47.49**	**79.81**	**47.49**
Borrowings	4156.02	3650.61	4156.02	3650.61
Total Financial Liabilities	**4156.02**	**3650.61**	**4156.02**	**3650.61**

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the input that is significant to the fair value measurement as a whole:

a) Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
b) Level 2 — Inputs other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
c) Level 3 — Inputs which are unobservable inputs for the asset or liability.

External valuers are involved for valuation of significant assets & liabilities. Involvement of external valuers is decided by the management of the company considering the requirements of Ind As and selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

49) **Financial risk management objectives and policies**

The Company's principal financial liabilities other than derivatives comprise long-term and short-term borrowings, capital creditors and trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets other than derivatives include trade and other receivables, cash and cash equivalents and deposits that derive directly from its operation.

CHARTERED ACCOUNTANTS

BHAGYANAGAR COPPER PRIVATE LIMITED

CIN: U27100TG2008PTC125034

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2023 (CONTD.)

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES, JUDGEMENTS & KEY ESTIMATES (CONTD.)

The Company is exposed to market, credit, liquidity and regulatory risks. The Company does not have any foreign Currency Liabilities; therefore, the exchange fluctuation risk is negligible. The Company's senior management oversees the management of these risks. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarized below:

A. 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: commodity risk, interest rate risk and foreign currency risk.

(i) Commodity Price Risk

The principal commodity of the company, which is copper, is fully hedged, insulating it from any price risk.

(ii) 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 rate relates primarily to the Company's operating activities (when revenue or expense is denominated in a foreign currency). Further, the Company has foreign currency risk on import of input materials, capital commitment and also borrow funds in foreign currency for its business. The Company evaluates the impact of foreign exchange rate fluctuations by assessing its exposure to exchange rate risks. Certain transactions of the Company act as a natural hedge as a portion of both assets and liabilities are denominated in similar foreign currencies, for the remaining exposers to foreign exchange risks, the Company adopts a policy of selective hedging based on risk perception of management using derivative, whenever required, to mitigate or eliminate the risks.

(iii) Interest Rate risk

The Company is exposed to interest rate risk on financial liabilities such as borrowings, both short-term and long-term. It maintains a balance of fixed and floating interest rate borrowings and the proportion is determined by current market interest rates, projected debt servicing capability and view on future interest rates.

B. Credit Risk

Financial Asset of the Company include trade receivables, employee advances and bank deposits which represents Company's maximum exposure to the credit risk.

With respect to credit exposure from customers, the Company has a procedure in place aiming to minimise collection losses. Credit Control team assesses the credit quality of the customers, their financial position, past experience in payment and other relevant factors. The Company's exposure to credit risk is influence mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including default risk associated with the industry and country in which customers operate. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. with respect to other financial risk Viz loan and advances , deposit with government, the credit risk is insignificant since the loans and advances are given to its employees only and deposits are held with reputable banks. The credit quality of the financial assets is satisfactory, taking into account the allowance for credit losses.

C. Regulatory Risks

The Company performance may be impacted due to change in Regulatory Environment. The Company is closely monitoring the regulatory developments and risks thereof and proactively implementing course correction for proper compliance commensurate with new regulatory requirements.

D. Liquidity Risk

The company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank deposits and loans

The table below summarizes the maturity profile of the company's financial liabilities based on contractual undiscounted payments

Amount in Lacs (INR)

Year Ended	On Demand	3 to 12 Months	1 to 5 Years	>5 Years	Total
31-Mar-23	-	7454.40	4156.02		11610.42
Borrowings				-	
31-Mar-22	-	5230.83	3650.61	-	8881.44
Borrowings				-	

50) **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 maximize the shareholder value.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders. 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 (Excluding Loans from Holding Co.), trade and other payables, less cash and cash equivalents.

Amount Lacs (INR)

Particulars	31-Mar-23	31-Mar-22
Borrowings -Non-Current (Excluding Loan from Holding Co.)	2843.16	2609.08
Borrowings - Current	7454.40	5230.83
Other Payables	1089.68	963.97
Less: Cash and Cash Equivalents	34.41	1056.37
Net Debt (A)	**11352.82**	**7747.51**
Equity Share capital	2000.00	2000.00
Other Equity	1288.50	885.42

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES, JUDGEMENTS & KEY ESTIMATES (CONTD.)

Quasi Equity (Loan from Holding Company)	1312.86	1041.53
Total Capital (B)	**4601.36**	**3926.95**
Capital and Net debt (A+B)	**15954.18**	**11674.46**
Gearing ratio (in %)	**71.16**	**66.36**

In order to achieve this overall objective, the Company's capital management, amongst other things including working capital management, 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 borrowings in the current period.

51) **Ratio analysis and its elements.**

Ratio	Numerator	Denominator	March 31,2023	March 31,2022	% Change	Reason for variance
Current Ratio	Current Assets	Current Liabilities	1.36	1.43	(4.45)	-
Debt-Equity Ratio	Long Term Debt	Shareholder's Equity+Quasi Equity.	0.24	0.33	(26.98)	Note(a)
Debt Service Coverage Ratio	Earning for debt service = Net profit before taxes + non-cash operating expenses + Finance Costs	Debt service = Interest & lease payments + Principal repayments	1.28	1.40	(8.73)	-
Return on Equity ratio(%)	Net profit after taxes	shareholder's equity+Quasi Equity.	8.76	17.09	(48.75)	Note(b)
Inventory Turnover Cycle(No.of days)	Inventory	Net Sales	40	14	176.08	Note(c)
Trade receivables turnover Cycle(No.of days)	Trade Receivables	Gross Sales	11	15	(25.33)	Note(d)

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES, JUDGEMENTS & KEY ESTIMATES (CONTD.)

Trade payables turnover Cycle(No.of days)	Trade Payables	Net Purchases	7	4	93.06	Note(e)
Net Capital Turnover Ratio	Net sales = Total sales - sales return	Working Capital = Current assets - Current liabilities	16.57	20.69	(19.92)	-
Net Profit Ratio(%)	Net profit after taxes	Net Sales = Total sales - Sales return	0.79	1.23	(36.10)	Note(f)
Return on capital employed(%)	Earnings before interest, Depreciation and taxes	Capital employed = Tangible Net Worth + Long Term Debt	21.73	24.08	(9.74)	-

Notes:

a) Change in the ratio is due to increase in Net worth on accumulation of Current Year Profits.

b) Change in the ratio is due to decrease in net profit because of revenue decline and higher Tax outflow.

c) Inventory Holding period is high due to high percentage of import purchases wherein transit period cover of 30 to 35 days has to be maintained.

d) Change in ratio is due to company's policy of not extending Credit to all the Customers.

e) Change in ratio is due to company's policy of holding a certain percentage of payment to suppliers until the supplier files his GSTR – 1 and GSTR 3B.

f) Change in the ratio is due to decrease in net profit because of revenue decline and higher Tax outflow.

52) **Other Statutory Information**

A. RELATIONSHIP WITH STRUCK OFF COMPANIES

The company do not have any transactions with company's struck off under Section 248 of the Companies Act, 2013 or Section 560 of the Companies Act, 1956 during the year ended 31st March, 2023 (Previous year: Nil).

B. DISCLOSURE IN RELATION TO UNDISCLOSED INCOME

The company do not have any such transactions which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year ended 31st March, 2023 and also for the year ended 31st March, 2022 in the tax assessments under Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).

C. DETAILS OF BENAMI PROPERTY HELD

CHARTERED ACCOUNTANTS FRN-015823

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES, JUDGEMENTS & KEY ESTIMATES (CONTD.)

The Company do not hold any property under Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder, hence there are no proceedings against the company for the year ended 31st March, 2023 and also for the year ended 31st March, 2022.

D. REGISTRATION OF CHARGES OR SATISFACTION WITH REGISTRAR OF COMPANIES (ROC)

The Company do not have any charges or satisfaction, which are yet to be registered with ROC beyond the statutory period, during the year ended 31st March, 2023 and also during the year ended 31st March, 2022.

E. DETAILS OF CRYPTO CURRENCY OR VIRTUAL CURRENCY

The company have not traded or invested in crypto currency or virtual currency during the year ended 31st March, 2023 and also during the year ended 31st March, 2022.

F. UTILISATION OF BORROWED FUND AND SHARE PREMIUM

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: (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (ultimate beneficiaries) or (b) provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries.

The company 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 company shall: (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the funding party (ultimate beneficiaries) or (b) provide any guarantee, security or the like on behalf of the ultimate beneficiaries.

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

53) **Confirmation letters** of majority of balances under the heads Trade Payables, Claims Recoverable, Loans & Advances, Trade Receivables and Deposits from and with various parties/ Government Departments have been sent but in number of cases such confirmation letters from the parties are yet to be received.

54) Previous year's figures have been regrouped and rearranged, wherever found necessary.

As per our report of even date attached

For Luharuka & Associates

Chartered Accountants,

Naveen Lohia
Partner
M. No. 214548
Firm Reg No.01882S

Place: Secunderabad,
Date : May 26, 2023

LUHARUKA & ASSOCIATES CHARTERED ACCOUNTANTS FRN-01882S SECUNDERABAD

for and on behalf of the BOD of
Bhagyanagar Copper Private Limited,

Narender Surana
Director
DIN: 00075086

Devendra Surana
Director
DIN: 00077296

Surendra Bhutoria
Chief Financial Officer

Lalit

Lalit Kumar Thanvi
Company Secretary
M. No.A62058