



15th
ANNUAL REPORT
2024-2025



LGB STEEL PRIVATE LIMITED

LGB STEEL PRIVATE LIMITED

CIN: U28990MH2010PTC211581

611, Tuslani Chambers, Nariman point,
Mumbai – 400 021, Maharashtra

CORPORATE INFORMATION

BOARD OF DIRECTORS

Sri.P.Prabakaran

DIN: 01709564

Sri. K. Rajendran

DIN: 05212385

Sri. N. Rengaraj

DIN: 01662494

Sri. Arvind Mishra

DIN: 02129733

Whole-Time Director

STATUTORY AUDITORS

M/s. Scan & Co

Chartered Accountants,

Scan HQ, Plot No. 287 PU 4,

Behind Orbit Mall, Indore-452010

SECRETARIAL AUDITORS

CS Shweta Garg

316, Silver Sanchora Castle,

7, R.N.T. Marg,

Indore, M.P

INTERNAL AUDITOR

G Jawaharlal

Chartered Accountants,

Salem

COST AUDITOR

Dr. G.L. Sankaran

Cost Accountant

82, EB Colony,

Vadavalli,

Coimbatore, Tamil Nadu

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NOTICE OF THE 15TH ANNUAL GENERAL MEETING

NOTICE is hereby given that the **15th Annual General Meeting** of the Members of the Company will be held on **Thursday, the 5th Day of June 2025 at 11.00 AM (IST)** via video conferencing at its deemed venue at 3rd Floor, The Horizon Building, 11/5, South Tukoganj, Nath Mandir Road, Indore, Madhya Pradesh, India, 452001, to transact the following business:

AGENDA

ORDINARY BUSINESS

1. To receive, consider and adopt the **Audited Financial Statements** of the Company for the **financial year ended March 31, 2025**, together with the Reports of the Board of Directors and auditors thereon.

SPECIAL BUSINESS

2. To consider and, if thought fit, to pass with or without modification(s), the following resolution as ordinary Resolution:

To appoint a Director in place of Sri. P. Prabakaran (DIN : 01709564) who retires by rotation and being eligible, offers himself for re-appointment.

3. To ratify the remuneration of **M/s. G. L. Sankaran, Cost Auditor** of the Company for the **financial year 2025-2026**.

“RESOLVED THAT pursuant to the provisions of Section 148 (3) and other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and the Companies (Audit and Auditors) Rules, 2014, as amended from time to time, the Company hereby ratifies the remuneration of ₹ 55,000/- (Rs. Fifty Five Thousand Five Hundred Only) plus applicable taxes, travel and actual out-of-pocket expenses incurred in connection with the audit, payable to Dr. G. L. Sankaran, Cost Accountants, Coimbatore (Firm Registration No. 4482) who are appointed as Cost Auditors to conduct the audit of cost records maintained by the Company for the financial year 2025 -26.”

Place: Indore

FOR LGB STEEL PRIVATE LIMITED

Date: 22.04.2025

P PRABAKARAN
DIRECTOR
DIN: 01709564

Notes:

1. Corporate Members intending to send their authorized representatives to attend the Meeting, pursuant to Section 113 of the Companies Act, 2013, are requested to send to the Company a certified copy of relevant Board Resolution together with the respective specimen signatures of those representative(s) authorized under the said resolution to attend and vote on their behalf at the Meeting.
2. In view of the COVID 19 pandemic, the Ministry of Corporate Affairs vide its Circular dated 5th May, 2020 read with Circulars dated 8th April, 2020 and 13th April, 2020 (collectively referred to as 'Circulars'), has introduced certain measures enabling companies to convene their Annual General Meetings (AGM/ Meeting) through Video Conferencing (VC) or Other Audio Visual Means (OAVM) and also send notice of the Meeting and other correspondences related thereto, through electronic mode. In compliance with the said requirements of the MCA Circulars, electronic copy of the Notice along with the Annual Report for the financial year ended 31st March, 2025 consisting of financial statements including Board's Report, Auditors' Report and other documents required to be attached therewith (Collectively referred to as Annual report) have been sent only to those members whose e- mail ids are registered with the Company through electronic means and no physical copy of the Notice and Annual Report has been sent by the Company to any member.

3. In accordance with the aforementioned MCA Circulars, the Company has authorized LGB Secretarial Department for providing the VC facility to the members for participating in the Meeting. The members are requested to follow the following instructions in order to participate in the Meeting through VC mechanism:
 - a. The AGM will be held on Teams Platform. The meeting link will be shared at your registered email ID 7 days before the AGM.
 - b. The facility for joining the Meeting shall be kept open 15 minutes before the time scheduled to start the meeting 15 minutes after the expiry of the said scheduled time.
 - c. Members are requested to furnish their folio number for easy identification of attendance at the Meeting.
 - d. Participation of single member shall only be allowed at a time.
 - e. Members are requested to contact Secretarial Department at rsal.secretarial@lgb.co.in in case of any technical assistance required at the time of log in or assessing Meeting through VC.
4. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names shall be entitled to vote.
5. In view of the MCA Circulars, no proxy should be appointed by the members. However, corporate members are required to send to the Company/ RTA/ Scrutinizer a certified copy of the Board Resolution, pursuant to section 113 of the Companies Act 2013, authorizing their representative to attend and vote at the Meeting through VC.
6. Explanatory Statement setting out the material facts concerning each item of Special Businesses to be transacted at the General Meeting pursuant to Section 102 of the Companies Act, 2013, is annexed hereto and forms part of the Notice.

EXPLANATORY STATEMENT

The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 ('Act'), given hereunder sets out all material facts relating to the special business mentioned at Item No. 2 of the accompanying Notice dated April 22, 2025.

Item No. 3

To ratify the remuneration of Dr. G. L. Sankaran, Cost Auditor of the Company for the financial year 2025-26.

The Board has approved the appointment and remuneration of Dr. G. L. Sankaran, Cost Accountants, Indore (Firm Registration No. 4482) to conduct the audit of the cost records of the Company for the financial year 2025 - 2026 at remuneration as detailed in the resolution.

In accordance with the provisions of Section 148 (3) of the Act read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors has to be ratified by the Shareholders of the Company. Accordingly, consent of the members is being sought for ratification of the remuneration payable to the Cost Auditors for the financial year ending 2025 - 2026.

None of the Directors and Key Managerial Personnel of the Company & their relatives is in any way concerned or interested, financially or otherwise, in this resolution.

The Board recommends the Ordinary Resolution at Item No. 3 for approval of the members

Place: Indore

FOR LGB STEEL PRIVATE LIMITED

Date: 22.04.2025

P PRABAKARAN
DIRECTOR
DIN: 01709564

DIRECTORS' REPORT

Dear Shareholders,

The Directors of your Company are pleased to present the Company's **15th Annual Report** together with the audited financial statements for the financial year ended **March 31, 2025**.

FINANCIAL RESULTS

The Company's financial performance for the year under review along with previous year's figures is given hereunder.

Particulars	31.03.2025	31.03.2024
	₹ In Lakhs	₹ In Lakhs
Gross Income	8,403.09	2,262.01
Profit /Loss before Interest and Depreciation	366.92	(320.46)
Less: Finance Cost	107.46	142.85
Less: Depreciation	156.20	157.52
Profit Before Exceptional Items	103.26	(620.83)
Add: Exceptional Items	-	26,469.37
Profit before Tax	103.26	25,848.54
Provision for Taxation		
Less: Current Year Income Tax	17.24	--
Add : MAT credit entitlement	(17.24)	--
Add : Deferred Tax Assets	(1,060.10)	
Profit After Tax	1,163.36	25,848.54

REVIEW OF BUSINESS OPERATIONS

The revenue of the Company for the year ended March 31, 2025, increased from ₹ **2,262.01 Lakh** to ₹ **8,403.09 Lakhs**. After providing for depreciation and tax, **net profit amounted to ₹ 103.26/- Lakh as against ₹ 25,848.54/- Lakhs** in the previous year (due to extra Ordinary Income of ₹ 26,469.37 Lakhs)

DIVIDEND

In order to invest profits for the growth of the business, your directors do not recommend dividend to the shareholders of the Company for the financial year 2024-25.

TRANSFER TO RESERVES

The amount of surplus of ₹ **103.26 Lakhs** has been transferred to Reserve and Surplus account in the Balance Sheet. An amount of ₹ **1494.54 Lakhs** was added to **Securities Premium Account during the year**. Apart from above, no amount is transferred to Reserves during the year.

BOARD OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

The composition of board of directors and Key Management Personnel of the company as on **March 31, 2025** is as follows:

S. No.	Name	DIN/PAN	Designation
1.	Sri P Prabakaran	01709564	Director
2.	Sri N Rengaraj	01662494	Director
3.	Sri K Rajendran	05212385	Director
4.	Sri Arvind Mishra	02129733	Whole-time Director and CEO
5.	Sri Deepak Sogani	APBPS3333L	CFO

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CHANGE IN DIRECTORS

Following changes in directorship of the Company took place during the financial year under review:

- Sri Arvind Mishra was appointed as Additional Director of the Company w. e. f. July 23, 2024, and his designation was also changed from additional director to Whole Time Director w. e. f. same date.
- The designation of Sri K Rajendran, Sri P Prabakaran and Sri N Rengaraj was changed from Additional Director to Director w. e. f. July 30, 2024.
- The designation of Sri Arvind Mishra was changed from Additional Director to Director w. e. f. July 30, 2024, and then from Director to Whole Time Director w. e. f. same date.

CHANGE IN NATURE OF BUSINESS, IF ANY

During the year under review, there was no change in the nature of the business of the Company, except, that in addition to the existing businesses, the established a Solar Power Plant for captive generation during the year.

SHIFTING OF THE REGISTERED OFFICE FROM ONE STATE TO ANOTHER

The members at the Annual General Meeting of the Company held on **July 30, 2024** passed a Special Resolution to shift the registered office of the Company from the State of Maharashtra to the State of Tamil Nadu. The Company has filed **Form INC-23** for application to the Regional Director for approval to shift the Registered office from one state to another state **However, status of Form INC-23 is still under processing**. The registered office will be shifted from Mumbai to Coimbatore only after approval of Form INC 23 by the Regional Director.

CHANGE IN NAME OF THE COMPANY

The members at the Annual General Meeting of the Company held on **July 30, 2024**, passed a Special Resolution to change the name of the Company from **M/s. RSAL Steel Private Limited to M/s. LGB Steel Private Limited**. The hon'ble Registrar of Companies issued a **fresh certificate of Incorporation** consequent to change of name on **September 12, 2024**.

MATERIAL CHANGES AND COMMITMENTS

There have been no material changes and commitments affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which the financial statements relate and date of the report.

DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE FORUM

Pursuant to **Section 134 (3) (q) and Rule (5) (vii) of The Companies (Accounts) Rules, 2014** there were no significant and material orders that were passed by the regulators or courts or tribunals impacting the going concern status and company's operations in future.

BOARD OF DIRECTORS AND THEIR MEETINGS

The Board met **6 (six) times during the year** on 22nd April 2024, 23rd July 2024, 22nd October 2024, 10th December 2024, 22nd January 2025 and 24th February 2025 under review. The maximum gap between two Board meetings did not exceed 120 days.

Attendance of directors:

S. No.	Name of director	Number of Board Meetings	
		Held	Attended
1.	Sri P Prabakaran	6	5
2.	Sri N Rengaraj	6	6
3.	Sri K Rajendran	6	6
4.	Sri Arvind Mishra	6	6

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

Details of conservation of energy, technology absorption, foreign exchange earnings and outgo in terms of Section 134 (3) (m) read with Rule 8 (3) of the Companies (Accounts) Rules, 2014 are enclosed as **Annexure – I**.

DETAILS OF SUBSIDIARY/JOINT VENTURES/ASSOCIATE COMPANIES

As the company is not having any subsidiary/joint venture/Associate Companies, details in terms of Section 134 (3) (q) read with Rule 8 (5) (iv) of the Companies (Accounts) Rules, 2014 are not applicable. However, the company itself is a wholly owned subsidiary of **M/S. LG Balakrishan & Bros Ltd.**

PARTICULARS OF APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL

Being unlisted Limited Company, the disclosure of the remuneration of each director and key managerial personnel does not arise.

As required by Rule 5(2) and (3) of The Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014, there were no employees employed during the year who were in receipt of remuneration which is not more than ₹ 8,50,000/- (Eight Lakhs Fifty Thousand only) per month or ₹ 1,02,00,000/- (One Crore Two Lakhs only) per annum.

DEPOSITS

The Company has neither accepted nor renewed any deposits during the year under review.

STATUTORY AUDITORS

The Auditors, **M/s. Scan & Co, Chartered Accountants, Indore (Firm Registration No. 113954W)**, were appointed as statutory auditors for a period of **5 years from the conclusion of 14th Annual General Meeting till the conclusion of 19th Annual General Meeting**. The auditors have given a declaration to the company to the effect that the auditor/firm is not disqualified to continue as auditor in terms of the provisions of Section 141 of the Companies Act, 2013 read with Rule 4 and Rule 10 of the Companies (Audit & Auditors) Rules, 2013.

COST AUDITORS

The Company is not falling within the limits as specified under Rule 4 of the Companies (Cost Records and Audit) Rules, 2014; the requirement of applicability of Audit of Cost Records is not applicable to the Company. However, following good governance practice, the Company has appointed **Dr. G. L. Sankaran, Cost Accountant, as Cost Auditor of the Company for the financial year 2024-25**.

SECRETARIAL AUDITOR

The Company at its Board Meeting held on **April 22, 2024**, in accordance with the provisions of Section 204 of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, appointed **CS Shweta Garg, Company Secretary, Indore**, as the Secretarial Auditor of the Company to undertake the Secretarial Audit of the Company for the **financial year 2024 -25**. The Secretarial Audit Report in the prescribed Form MR-3 is annexed to this report as **Annexure- II**.

TRANSFER OF UNCLAIMED DIVIDEND TO INVESTOR EDUCATION AND PROTECTION FUND

There was no amount that is unclaimed to be transferred to Investor Education and Protection Fund.

DIRECTORS RESPONSIBILITY STATEMENT

In accordance with the provisions of Section 134 (5) of the Companies Act, 2013 the Board hereby submits its responsibility statement.

- (i) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures.
- (ii) The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the company for that period.

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- (iii) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for Safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- (iv) The Directors had prepared the annual accounts on a going concern basis.
- (v) The Directors of the Company had laid down internal financial controls to be followed by the company and that such internal controls are adequate and were operating effectively.
- (vi) The Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

EXPLANATION OR COMMENTS ON QUALIFICATION, RESERVATIONS OR ADVERSE REMARKS OR DISCLAIMERS MADE BY THE AUDITORS AND THE PRACTICING COMPANY SECRETARY IN THEIR REPORTS

There were few qualifications, reservations or adverse remarks made by the Practicing Company Secretary for the year under review and the Management has taken appropriate steps to redress the same and ensure proper compliance of the Provisions of Companies Act, 2013 and other acts applicable to the company. Following are the remarks raised by Secretarial auditor and response from the Board of Directors on the same.

S. No.	Remark from the auditor	Board's explanation
1.	The Company has not uploaded certain mandatory documents on the website of the Company which were required to be uploaded in terms of various provisions of Companies Act, 2013.	The Company was under CIRP and was taken over by the existing management during the financial year 2023 – 2024. Certain issues old matters are still pending. The new management is gradually taking care of all the pending compliance and will be fully complied within current financial year
2.	The Company had initially filed Form PAS-3 for the allotment of 1,00,000 equity shares of ₹ 10 each at par on February 13, 2024, as per the resolution plan approved by the Hon'ble Mumbai Bench of NCLT. However, due to an oversight, the form mentioned the shares as being allotted at par, without including the premium amount of ₹ 3,626.77/- per share. To correct this mistake, the Company had filed another Form PAS-3 for the allotment made on February 13, 2024. Both of forms are available on the portal of Ministry of Corporate Affairs i. e. www.mca.gov.in .	Due to clerical mistake the premium amount had remained to be mentioned while filing Form PAS 3 for post CIRP process. In order to correct the mistake another Form PAS was filed with due clarification and explanation and with a request to the ROC to cancel the previous form and consider only the fresh form.
3.	Form No. INC-23 (Application to the Regional Director for approval to shift the Registered office from one state to another state or from jurisdiction of one Registrar to another Registrar within the same state) filed by the Company on October 10, 2024 is pending for approval till date.	The matter is pending for approval with the hon'ble Regional Director, West due to pendency of an old complaint at ROC office. The Board is pursuing the matter at both of the offices to get the complaint closed.
4.	The Company had taken secured loan in the form of Working capital facilities from HDFC Bank Ltd. The company has yet to register the charge for the said secured loan.	The Deed of hypothecation is yet to be executed. The charge will be created once it is executed with the Bank

DISCLOSURES UNDER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE

Pursuant to the provisions of Prevention, Prohibition and Redressed Act, 2013 no cases of sexual harassment of women at workplace were neither reported nor redressed for the relevant year.

SHARES

During the **Financial Year 2024 - 25**, there was no change in the share capital of the company except that the paid-up share capital of the Company was increased from ₹ **10,00,000/-** to ₹ **15,55,500/-** vide allotment made at the Board Meeting held on **December 10, 2024** for shares offered vide right issue to the existing shareholders.

A. BUY BACK OF SECURITIES

The Company has not bought back any of its securities during the year under review.

B. SWEAT EQUITY

The Company has not issued any Sweat Equity Shares during the year under review.

C. BONUS SHARES

No bonus shares were issued during the year under review.

D. EMPLOYEE STOCK OPTION PLAN

The Company has not provided any Stock Option Scheme to the employees.

ANNUAL RETURN

Pursuant to the provisions of Section 134(3)(a) and Section 92(3) of the Companies Act, 2013 read with Rule 12 of the Companies (Management and Administration) Rules, 2014, the Annual Return of the Company for the financial year ended **March 31, 2025**, can be accessed at www.lgbsteel.co.in

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS MADE UNDER SECTION 186 OF THE COMPANIES ACT, 2013

There were no fresh loans, guarantees or investments made by the Company under Section 186 of the Companies Act, 2013 during the year under review.

RELATED PARTY TRANSACTIONS

All the transactions with related parties entered into during the year under review were at an arm's length basis and in the ordinary course of business and in accordance with the provisions of the Act and the rules made thereunder and your Company's Policy on Related Party Transactions.

Details of material related party transactions in terms of provisions of Section 188 of Companies Act, 2013 entered during the **FY 2024 - 25** are as per Form AOC 2 attached as **Annexure III**.

The Directors abstained from discussing and voting on the transaction(s) in which they were interested.

RISK MANAGEMENT POLICY

Pursuant to Section 134(3) (n) of the Companies Act, 2013, the Company has framed a detailed Risk Management Policy for assessment of risk and determines the responses to these risks so as to minimize their adverse impact on the organization. The functional head of the Company shall be responsible for implementation of the risk management system as may be applicable to the respective areas of functioning and report to the Board.

CORPORATE SOCIAL RESPONSIBILITY

The Company has not developed and implemented any Corporate Social Responsibility initiatives as the said provisions are not applicable to the Company during the year.

FORMAL ANNUAL EVALUATION OF THE BOARD

Section 134 (3) (p) of the companies Act, 2013 as well as Rule 8 (4) of The Companies (Accounts) Rules, 2014 are not applicable to the Company.

COMPANY'S POLICY RELATING TO DIRECTORS' APPOINTMENT, PAYMENT OF REMUNERATION AND DISCHARGE OF THEIR DUTIES

Being a Private Limited Company, the provisions of Section 178(1) relating to constitution of Nomination and Remuneration Committee are not applicable to the Company and hence the Company has not devised any policy

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relating to appointment of Directors, payment of Managerial Remuneration, Director's qualification, positive attributes, independence of Directors and other related matters as provided under Section 178 (3) of the Companies Act.

INTERNAL FINANCIAL CONTROL

As per the provisions of Section 134 (5) (viii) and The Companies (Accounts) Rules, 2014 adequate internal financial controls with reference to the Financial Statements were duly adhered.

DISCLOSURE OF COMPOSITION OF AUDIT COMMITTEE AND PROVIDING VIGIL MECHANISM

The provisions of Section 177 of the Companies Act, 2013 read with Rules 6 and 7 of the Companies (Meetings of the Board and its Powers) Rules, 2013 is not applicable to the Company.

However, the Board of Directors has nominated **Sri B Vijayakumar [DIN 00015583] Executive Chairman of Holding Company** to play the role of Audit Committee for the purpose of vigil mechanism for whom other directors and employees may report their concerns.

INDUSTRIAL RELATIONS

The relationship with the employees was cordial during the year.

ACKNOWLEDGEMENTS

Your Directors place on record their sincere thanks to Bankers, business associates, consultants and various Government authorities for their continued support extended to your company activities, during the year under review. Your Directors also gratefully acknowledge the shareholders for their support and confidence reposed on your company.

By the order of the Board

Place: Indore
Date: 22.04.2025

P. PRABAKARAN
Director
DIN: 01709564

N. RENGARAJ
Director
DIN: 01662494

ANNEXURE TO BOARD REPORT

Annexure- I

Particulars regarding conservation of energy, technology absorption and foreign exchange earnings and outgo

a) CONSERVATION OF ENERGY

(i)	The steps taken or impact on conservation of energy	Your Company, as a responsible corporate citizen, continues to pursue and adopt appropriate energy conservation measures. To affirm its commitment to Company's Vision and to proactively reduce its carbon footprint, the Company is taking all possible steps to conserve the energy to the maximum extent. In an endeavour to reduce its carbon footprints, the Company always try to install such electrical devices and equipment which minimize the power consumption. Further the company has installed LED lights and power saving electrical appliances in its premises as a measure to conserve energy.
ii)	The steps taken by the company for utilizing alternate sources of energy	During the year under review the Company has established a 2.1 MWp solar power plant for captive consumption as a major step to conserve the energy and utilize the alternate source of energy for its operations.
(iii)	The capital investment on energy conservation equipment	₹ 651.37

(B) TECHNOLOGY ABSORPTION

(i)	The efforts made towards technology absorption	The company is trying to absorb the latest technology by purchasing machinery, equipment, computers, laptops and other equipment involving latest technology. Your Company continues to track trends and latest developments in various technology areas, including those related to machinery and equipment related with the company. During the year the company invested ₹ 124.98 Lakhs towards various plants and machinery and ₹ 21.69 Lakhs towards the purchase of other assets like computer, laptops, and other equipment.
(ii)	The benefits derived like product improvement, cost reduction, product development or import substitution	Many benefits like cost reduction and service improvement are derived due to usage of machinery and equipment involving latest technology.
(iii)	In case of imported technology (imported during the last three years reckoned from the beginning of the financial year)-	Yes
	(a) the details of technology imported	Lieca made Metallurgical Microscope
	(b) the year of import;	2025
	(c) whether the technology been fully absorbed	No
	(d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof	Software Licence not obtained
(iv)	The expenditure incurred on Research and Development	Nil

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(C) FOREIGN EXCHANGE EARNINGS AND OUTGO

Earnings	Nil
Outgo	INR 79.28 Lacs

By the order of the Board

P. PRABAKARAN
Director
DIN: 01709564

N. RENGARAJ
Director
DIN: 01662494

Place: Indore
Date: 22.04.2025

FORM NO. MR 3
SECRETARIAL AUDIT REPORT

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No. 9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

FOR FINANCIAL YEAR ENDED ON MARCH 31, 2025

To,

**The Members,
LGB STEEL PRIVATE LIMITED
(FORMERLY KNOWN AS RSAL STEEL PRIVATE LIMITED)
CIN: U28990MH2010PTC211581
611, Tulsiani Chambers Nariman Point,
Mumbai, Madhya Pradesh, India 400021**

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by LGB Steel Private Limited, formerly known as RSAL Steel Private Limited (Wholly owned subsidiary of M/s L. G. Balakrishnan and Bros Limited) (hereinafter called the company) having CIN U28990MH2010PTC211581. Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the LGB Steel Private Limited's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on March 31, 2025, complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by LGB Steel Private Limited ("The Company") for the financial year ended on March 31, 2025, according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under.
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under – Not applicable to the company during the period under review.
- (iii) The Depositories Act, 1996 and the Regulations and Byelaws Framed there under.
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial borrowing - Not applicable to the company during the period under review.
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 - Not applicable to the company during the period under review.
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 - Not applicable to the company during the period under review.
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 - Not applicable to the company during the period under review.
 - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 - Not applicable to the company during the period under review.

- (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 - Not applicable to the company during the period under review
- (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 - Not applicable to the company during the period under review and
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 - Not applicable to the company during the period under review.

(vi) Other specifically applicable laws to the company:

I further report that, based on the information provided by the company, its officers and authorized representatives during the conduct of audit and also on review of periodic compliance report issued by respective departmental head/ Executive Directors/Internal Auditors taken on record by the Board of Directors of the Company, in my opinion, adequate system and processes control mechanism exist in the company to monitor compliance with generally applicable laws like labour laws, environmental laws and other legislations.

I further report that the compliance by the company with other financial laws like Direct and Indirect Tax Laws, GST and others detailed under tax legislations have not been reviewed and I have relied upon representations made by the company, its officers and reports issued by statutory auditors.

I have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to certain observations listed below:

1. The Company had initially filed Form PAS-3 for the allotment of 1,00,000 equity shares of 10 each at par on February 13, 2024, as per the resolution plan approved by the Hon'ble Mumbai Bench of NCLT. However, due to an oversight, the form mentioned the shares as being allotted at par, without including the premium amount of 3,626.77/- per share. To correct this mistake, the Company had filed another Form PAS-3 for the allotment made on February 13, 2024. Both of forms are available on the portal of Ministry of Corporate Affairs i. e. www.mca.gov.in.
2. The company has filed the forms and returns with the Registrar of companies with normal filling fees and, with requisite additional fees wherever necessary for belated filing prescribed under the act and the rules made thereunder.
3. There were no prosecution and no fines (except for the additional fees paid by the Company for the delay in filing of the necessary e-forms with Ministry of Corporate Affairs).
4. Form No. INC-23 (Application to the Regional Director for approval to shift the Registered office from one state to another state or from jurisdiction of one Registrar to another Registrar within the same state) filed by the Company on October 10, 2024 is pending for approval till date.

I further report that:

- a. The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
- b. Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
- c. the decisions at the Board Meetings and Committee Meetings have been carried out unanimously or by simple majority as recorded in the minutes of the meeting of the Board of Directors or Committees of the Board, as the case may be.

I further report that as per the representations made by the management and relied upon by me, there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that, having regard to the systems and processes in place to monitor and ensure compliance with general laws like Labour laws and Environmental Laws etc. On examination of the relevant documents and records in pursuance thereof, on test check basis, the Company except the observation/remark stated below:

1. The Company has delayed in payment of bonus for the Financial Year 2023 - 24 under the Payment of Bonus Act, 1965 to some of the employees who had resigned from the Company and the return for payment of bonus is yet to be filed.
2. The Company is not registered under The Employment Exchange (Compulsory Notification of Vacancies) Act 1959 and consequently the Company has not filed requisite return under the same.
3. The Company has not filed Annual Return in Form G-1 under The Industrial Disputes Act, 1947.
4. The Company has not submitted annual report under The Sexual Harassment of Women of Workplace (Prevention, Prohibition and Redressal) Act, 2013.

I further report that there were no such specific events/actions in pursuance of the above referred laws, rules, regulations, etc., having a major bearing on the Company's affairs during the year under review.

Place Indore

Date : April 22, 2025

CS SHWETA GARG

FCS : 5501, CP NO : 4984

PR No. : 2131/2022

UDIN : F005501G000176672

Note: This report is to be read with our letter of even date which is annexed as **"ANNEXURE A"** and forms an integral part of this report.

Annexure A to Secretarial Audit Report

To,

The Members,

M/s. LGB Steel Private Limited,

(Formerly known as M/s. RSAL Steel Private Limited)

CIN: U28990MH2010PTC211581

611, Tulsiani Chambers Nariman Point,

Mumbai, Madhya Pradesh, India 400021

Our report of even date is to be read along with this letter.

1. Maintenance of Secretarial records is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on the test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, I followed provide a reasonable basis for our opinion.
3. I have not verified the correctness and appropriateness of financial records and books of accounts of the Company.
4. Wherever required, I have obtained the management representation about compliance of laws, rules and regulations and happenings of events etc.
5. The compliance of provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of the management. My examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of efficacy or effectiveness with which the management has conducted the affairs of the Company.

Place Indore

Date : April 22, 2025

CS SHWETA GARG

FCS : 5501, CP NO : 4984

PR No. : 2131/2022

UDIN : F005501G000176672

ANNEXURE TO BOARD REPORT

Annexure- III

FORM NO. AOC -2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014.

Form for Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub section (1) of section 188 of the Companies Act, 2013 including certain arms' length transaction under third proviso thereto.

1. Details of contracts or arrangements or transactions not at Arm's length basis: Nil
2. Details of material contracts or arrangements or transactions at Arm's length basis:

S. No.	Particulars	Details
a.	Name (s) of the related party & nature of relationship	M/s. L.G. Balakrishnan & Bros Limited - Holding Company
b.	Nature of contracts/ arrangements/transaction	1. Interest on Loan 2. Job Work Service 3. Sales 4. Purchases
c.	Duration of the contracts/ arrangements/transaction	Continuous ongoing transactions
d.	Salient terms of the contracts or arrangements or transaction including the value, if any	1. Interest on Loan: 31.44 2. Job work Service: 355.99 3. Sales: 749.30 4. Purchases: 100.53
e.	Date of approval by the Board	Not applicable as the transaction is in ordinary course of business at arm's length basis
f.	Amount paid as advances, if any	Nil

By the order of the Board

P. PRABAKARAN
Director
DIN: 01709564

N. RENGARAJ
Director
DIN: 01662494

Place: Indore
Date: 22.04.2025

LGB STEEL PRIVATE LIMITED

Annual Report 2024-25

Independent Auditor's Report

To,

The Members of M/s. LGB Steel Private Limited
(Formerly known as RSAL Steel Private Limited)

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying Financial Statements of **M/s. LGB Steel Private Limited** ("the Company"), which comprise the **Balance Sheet as at March 31, 2025**, the Statement of Profit and Loss (including Other Comprehensive Income / Loss), the Statement of Changes in Equity and the Statement of Cash Flows for the year ended on that date, and Notes to the Financial Statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Financial Statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at **March 31, 2025**, the profit and total comprehensive income / loss, changes in equity and its cash flows for the year ended on that date.

Basis of Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Financial Statements of the current period. These matters were addressed in the context of our audit of the Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report. We draw attention to the following points:

Sr No.	Key Audit Matter
1	<p>Litigations Matters & Contingent liabilities</p> <p>[Refer to Note B (iii) to the Financial Statements- "Use of estimates, Judgements and Assumptions- Provisions and contingent liabilities", Refer Note no. 31 to the Financial Statements - "Contingent Liabilities and commitments".</p> <p>As at March 31, 2025, the Company has exposures towards litigations relating to various matters as set out in the aforesaid Notes.</p> <p>Significant management judgement is required to assess such matters to determine the probability of occurrence of material outflow of economic resources and whether a provision should be recognized, or a disclosure should be made. The management judgement is also supported with legal advice in certain cases as considered appropriate.</p> <p>As the ultimate outcome of the matters are uncertain and the positions taken by the management are based on the application of their best judgement, related legal advice including those relating to interpretation of laws/regulations, it is considered to be a Key Audit Matter.</p>

Auditor's Response	
	<p>Principal Audit Procedures</p> <p>Our audit procedures included the following:</p> <p>We understood, assessed and tested the design and operating effectiveness of key controls surrounding assessment of litigations relating to the relevant laws and regulations;</p> <ul style="list-style-type: none"> • We discussed with management the recent developments and the status of the material litigations which were reviewed and noted by the audit committee; • We performed our assessment on a test basis on the underlying calculations supporting the contingent liabilities/other significant litigations made in the Financial Statements; • We used auditor's experts to gain an understanding and to evaluate the disputed tax matters; • We considered external legal opinions, where relevant, obtained by management; • We met with the Company's external legal counsel to understand the interpretation of laws/regulations considered by the management in their assessment relating to a material litigation; • We evaluated management's assessments by understanding precedents set in similar cases and assessed the reliability of the management's past estimates/judgements. • We evaluated management's assessment around those matters that are not disclosed or not considered as contingent liability, as the probability of material outflow is considered to be remote by the management; and • We assessed the adequacy of the Company's disclosures. <p>Based on the above work performed, management's assessment in respect of litigations and related disclosures relating to contingent liabilities/other significant litigations in the Financial Statements are considered to be reasonable.</p>
2	Key Audit Matter
	Evaluation of uncertain tax positions
	The Company has material uncertain tax positions including matters under dispute which involves significant judgment to determine the possible outcome of these disputes.
	Auditor's Response
	<p>Principal Audit Procedures</p> <p>We obtained details of completed tax assessments and demands for the year ended March 31, 2025 from management. We involved our internal experts to challenge the management's underlying assumptions in estimating the tax provision and the possible outcome of the disputes. Our internal experts also considered legal precedence and other rulings in evaluating management's position on these uncertain tax positions. Additionally, we considered the effect of new information in respect of uncertain tax positions as at April 1, 2024 to evaluate whether any change was required to management's position on these uncertainties.</p>
3	Key Audit Matter
	Allowance for credit losses
	The Company determines the allowance for credit losses based on historical loss experience adjusted to reflect current and estimated future economic conditions. The Company considered current and anticipated future economic conditions relating to industries the Company deals with and the countries where it operates. In calculating expected credit loss, the Company has also considered credit reports and other related credit information for its customers to estimate the probability of default in future and has taken into account estimates of possible effect from the pandemic relating to COVID-19.
	We identified allowance for credit losses as a key audit matter because the Company exercises significant judgment in calculating the expected credit losses.
	Refer Notes to the financial statements 46, 49,48

LGB STEEL PRIVATE LIMITED

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	Auditor's Response
	Principal Audit Procedures
	Our audit procedures related to the allowance for credit losses for trade receivables and unbilled revenue included the following, among others.
	We tested the effectiveness of controls over the (1) development of the methodology for the allowance for credit losses, including consideration of the current and estimated future economic conditions (2) completeness and accuracy of information used in the estimation of probability of default and (3) computation of the allowance for credit losses.
	For a sample of customers: We tested the input data such as credit reports and other credit related information used in estimating the probability of default by comparing them to external and internal sources of information.
	We tested the mathematical accuracy and computation of the allowances by using the same input data used by the Company.

Emphasis of Matter

Our opinion is not modified in respect of the following matters:

1. As on March 31, 2025 the Company has not paid bonus to its employees for the year 2024-25 amounting to ₹ 12.41 Lakhs, provision for same has been done in books of accounts.
2. As on March 31, 2025 the Company has not paid to its employees for the year 2024-25 Ex-gratia amounting to ₹ 3.04 Lakhs, provision for same has been done in books of accounts.
3. The Company has made total provisions on doubtful debts of ₹ 221.27 Lakhs upto March 31st 2025. Management is of the opinion that recovery of amount from these debtors is doubtful and hence created the provision.
4. Company has entered into following rent agreements during earlier years for place of business. As of March 2025 only 2 rent agreements have been renewed and others have expired as per details below:

Premise	Owner	Monthly Rent Amount	Rent Period	Status of Agreement
Flat No. 301, 3 rd Floor, The Horizon Building, 11/5 South Tukoganj, Indore (M.P.)	Mrs.Pushplata Nagar	₹ 34,722	01.10.2024 to 30.09.2025	Renewed
Flat No.315 To 319,The Horizon, 11/5 South Tukoganj, Indore (M.P.)	Mr.Rajesh Jain & Mrs. Mamta Jain	₹ 93,012	01.04.2024 to 31.03.2029	Renewed
Shop No. Mz The Horizon, Building 11/5, South Tukoganj Indore - 452001 M.P.	Mr. Ajay Bamboriya	₹ 5,513	01.07.2010 to 30.06.2016	Expired
611, Floor-6,, Plot-212, West Wing, Tulsiani Chamber, (Free Press Journal Road) , Nariman Point, Mumbai -400021 (MH)	M/S Tilak Holding & Estate Developers Pvt. Ltd.	₹ 40,000	01.07.2018 to 31.03.2021	Expired

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

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

In connection with our audit of the Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Financial Statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Management's Responsibilities for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- v. Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report that :

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income / Loss, Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account.
- d) In our opinion, the aforesaid Financial Statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e) On the basis of the written representations received from the Directors as on March 31, 2025 taken on record by the Board of Directors, none of the Directors is disqualified as on March 31, 2025 from being appointed as a director in terms of Section 164 (2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in **"Annexure A"**. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of Section 197(16) of the Act, as amended :

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its Directors during the year is in accordance with the provisions of Section 197 of the Act.

- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us :
- i. The Company has disclosed the impact of pending litigations on its financial position in its Financial Statements.
 - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.
 - iii. There has been no amount, which is required to be transferred to the Investor Education and Protection Fund by the Company.
- i) The management has represented that to the best knowledge & belief that the company has used such accounting software for maintaining its books of account which has a feature of recording audit trail (Edit log) facility & the same has been operated throughout the year for all transactions recorded in the software and the audit trail feature has not been tampered with and the audit trail has been preserved by the company as per the statutory requirements for record retention.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in **"Annexure B"** a statement on the matters specified in paragraphs 3 and 4 of the Order.

For SCAN &Co.
Chartered Accountants
(Firm Reg. No.113954W)

CA Chetan Khandelwal
Partner
UDIN: 25408113BMKNZF6024
M. No. 408113

Place: Indore
Date: April 22, 2025

Annexure - A to the Independent Auditor's Report of even date on the Financial Statements of M/s. LGB Steel Private Limited

Referred to in paragraph 1(f) under „Report on Other Legal and Regulatory Requirements section of our report to the Members of LGB Steel Private Limited of even date.

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

We have audited the internal financial controls over financial reporting of LGB Steel Private Limited (“the Company”) as of **March 31, 2025** in conjunction with our audit of the Financial Statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on internal control over financial reporting with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation, and maintenance of adequate internal financial controls which were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Financial Statements, whether due to fraud or error.

We believe that the audit evidence we have obtained, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

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

- 1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
- 2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Financial Statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of Management and Directors of the company;

and

- 3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the Financial Statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2025, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For SCAN &Co.
Chartered Accountants
(Firm Reg. No.113954W)

CA Chetan Khandelwal
Partner
UDIN: 25408113BMKNZF6024
M. No. 408113

Place: Indore
Date: April 22, 2025

Annexure - B to Independent Auditor's Report

Referred to in paragraph 2 under the heading of "Report on Other Legal and Regulatory Requirements" of our report of even date to the members of LGB Steel Private Limited on the Financial Statements for the year ended March 31, 2025, we report that:

i. In respect of its Fixed Assets:

- a. The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
- b. As explained to us, the fixed assets of the Company have been physically verified by the Management during the year, which in our opinion is reasonable, having regard to the size of the Company and the nature of its assets. No material discrepancies between the book records and the physical inventory have been noticed. In our opinion, the frequency of verification is reasonable.
- c. According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.

ii. In respect of its Inventories:

The inventories have been physically verified by the Management during the year. In our opinion, the frequency of verification is reasonable and no material discrepancies were noticed.

During the year, the company has been sanctioned working limits which is in excess of ₹ 5 Crores in aggregate from banks on the basis of Second Paripassu charge on all fixed assets of the Company by way of hypothecation only and First Pari passu charge on the Current assets of the Company. The monthly returns or statements filed by the company with such banks and financial institutions are in agreement with the books of accounts as at 31st March, 2025.

- iii. According to the information and explanations given to us, the Company has not granted any loan, secured or unsecured to companies, firms, limited liability partnership or other parties covered in the register maintained under Section 189 of the Companies Act, 2013. Hence the provisions of para 3 clauses (iii) of the said Order are not applicable to the company.
- iv. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Act, with respect to the investments made and guarantee given / issued.
- v. In our opinion and according to the information and explanations given to us, the Company has not accepted deposits from the public within the meaning of Section 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the Rules, framed there under. As informed to us no Order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other Tribunal.
- vi. Pursuant to the rules made by the Central Government of India, the Company is not required to maintain cost records as specified under Section 148(1) of the Act in respect of its products.
- vii. According to the information and explanations given to us, in respect of Statutory dues:
 - a) The Company has generally been regular in depositing undisputed statutory dues including Provident Fund, Employee's State Insurance, Income Tax, Goods and Service Tax, Customs Duty, Cess and other material statutory dues applicable to it with the appropriate authorities.
 - b) There were no undisputed amounts payable in respect of Provident Fund, Employee's State Insurance, Goods and Service Tax, Customs Duty, Cess and other and other material statutory dues in arrears as at March 31, 2025 for a period of more than six months from the date they became payable.

- c) Details of dues of Income Tax which have not been deposited/ partially deposited as at March 31, 2025 on account of dispute are given below:

Name of the Statute	Nature of dues	Amount (₹ in lacs)	Period to which amount relates	Forum where dispute is pending	Remarks
Income Tax Act, 1962	Income Tax	Tax: 131.59 Penalty: To be ascertained	AY 2013-2014 AY 2021-2022	-	Company has not yet filed an application for appeal. An explanation letter stating current CIRP process and reason for default has been submitted by Company to Income Tax Office.

- d) Details of dues of Service Tax, Sales Tax, Value Added Tax which have not been deposited/ partially deposited as at March 31, 2025 on account of dispute are given below:

Name of the Statute	Nature of dues	Amount (₹ in lakhs)	Period to which amount relates	Forum where dispute is pending	Remarks
M.P. VAT Act 2002	VAT	14.12	2013-2014	Add.Commissioner (Appeals) Indore remanded back to Assessing Officer	₹ 7.73 Lacs Deposited
M.P. VAT Act 2002	VAT	12.42	2011-2012	Add.Commissioner (Appeals) Indore remanded back to Assessing Officer	₹ 4.97 Lacs Deposited
CGST Act, 2017	GST	15.65	2017-18	Add.Commissioner (Appeals) Indore	₹ 67,610 deposited
CGST Act, 2017	GST	22.27	2020-21	Appeal to be filed	Appeal to be filed

- viii. According to the records of the Company examined by us and the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to any financial institution or Government as on the balance sheet date. The Company has not issued any debenture.
- ix. In our opinion and according to the information and explanations given to us, the Company has not raised money by way of initial public offer or further public offer (including debt instruments). In our opinion and according to the information and explanations given to us, term loans have been applied for the purpose for which they were obtained.
- x. During the course of our examination of the books of account and records of the Company, carried out in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us, we have neither come across any instance of material fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

- xi. According to the information and explanations give to us and based on our examination of the records of the Company, the Company has paid / provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- xii. In our opinion and according to information and explanation given to us, the Company is not a Nidhi Company therefore, the provision of para 3 (xii) of the Order is not applicable to the Company.
- xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the Financial Statements as required by the applicable accounting standards.
- xiv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year, therefore the provision of para 3 (xiv) of the Order is not applicable to the Company.
- xv. In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with Directors or persons connected with him during the year, hence the provision of para 3 (xv) of the Order is not applicable to the Company.
- xvi. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934 therefore, the provision of para 3 (xvi) of the Order is not applicable to the Company for the year under audit.
- xvii. The Company has not incurred cash losses during the Financial Year covered by our audit.
- xviii. There has been no resignation of the Statutory Auditors of the Company during the year.
- xix. On the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the standalone Financial Statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- xx. The provisions of Section 135 towards Corporate Social Responsibility are not applicable on the company. Accordingly, the provisions of clause 3(xx) of the Order is not applicable.
- xxi. The Company does not have any Indian Subsidiary and hence reporting under this clause is not applicable to the Company.

For SCAN &Co.
Chartered Accountants
(Firm Reg. No.113954W)

CA Chetan Khandelwal
Partner
UDIN: 25408113BMKNZF6024
M. No. 408113

Place: Indore
Date: April 22, 2025

BALANCE SHEET AS AT 31st MARCH 2025

Particulars	Note No	As at 31 st March 2025	As at 31 st March 2024
I. ASSETS			
(I) Non-current assets			
(a) Property, Plant, Equipment and intangible Assets	1	2,298.13	1,751.28
(b) Capital work-in-progress	1	592.13	498.80
(c) Deferred tax assets (net)	2	1,060.10	-
(d) Other non-current assets	3	17.24	-
Total Non-Current Assets		3,967.60	2,250.08
(II) Current assets			
(a) Inventories	4	1,799.96	197.96
(b) Financial Assets			
(i) Trade receivables	5	1,492.83	67.89
(ii) Cash and cash equivalents	6	44.10	578.96
(iii) Bank Balance s other than (ii) above	7	0.22	1.05
(iv) Other Financial Assets	8	136.73	185.36
(c) Current Tax Assets (Net)	9	227.60	181.70
(d) Other Current Assets	10	322.02	87.56
Total Current Assets		4,023.46	1,300.48
Total Assets		7,991.06	3,550.56
II. EQUITY AND LIABILITIES			
(1) Equity			
(a) Equity Share Capital	11	15.56	10.00
(b) Other Equity	12	5,305.96	2,656.95
Total Equity		5,321.52	2,666.95
(2) Liabilities			
(I) Non-Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	13(a)	-	-
(ii) Other Financial Liabilities	14	-	-
(b) Provisions	15	11.54	16.27
(c) Other Non-Current Liabilities	16	-	1.64
Total Non-Current Liabilities		11.54	17.91

LGB STEEL PRIVATE LIMITED
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Particulars	Note No	As at 31 st March 2025	As at 31 st March 2024
(II) Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	13(b)	153.97	500.00
(ii) Trade payables	17	2,096.82	128.35
(iii) Other Financial Liabilities	18	-	-
(b) Other Current Liabilities	19	385.67	228.95
(c) Provisions	20	21.54	8.40
Total Current Liabilities		2,658.00	865.70
Total Equity and Liabilities		7,991.06	3,550.56

Notes forming an integral part to the financial statements 1 to 56

General information and Significant accounting policies A-B

As per my report of even date attached

For Scan and Co.,

Chartered Accountants,
(Firm Regn No. 113954W)

CA Chetan Khandelwal

Partner
Membership No. 408113

Place : Indore

Date : 22.04.2025

UDIN: 25408113BMKNZF6024

For and on behalf of the Board of Directors

P Prabakaran

Director
DIN:01709564

N Rengaraj

Director
DIN: 01662494

Arvind Mishra

Whole Time Director & CEO
DIN: 02129733

Deepak Sogani

CFO

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH, 2025

Particulars	Note No	For the year ended 31 st March, 2025	For the year ended 31 st March, 2024
I. Income			
(a) Revenue from operations	21	8,389.30	2,247.52
(b) Other Income	22	13.79	14.49
Total Income		8,403.09	2,262.01
II. Expenses			
(a) Cost of materials consumed	23	5,805.28	13.55
(b) Cost of Stock-in-Trade	24	377.74	349.04
(c) Changes in inventories of Finished Goods and WIP	25	(1,281.87)	1.96
(d) Employee benefit expense	26	720.20	586.48
(e) Financial costs	27	107.46	142.85
(f) Depreciation and amortization expense	1	156.20	157.52
(g) Other expenses	28	2,414.82	1,631.44
Total Expenses (a to g)		8,299.83	2,882.84
III. Profit / (Loss) before Exceptional Item and Tax		103.26	(620.83)
IV. Exceptional Items	29	-	26,469.37
V. Profit / (Loss) before Tax (III-IV)		103.26	25,848.54
VI. Tax expense:	30		
(a) Current Tax		17.24	-
(b) MAT Credit Entitlement		(17.24)	-
(c) Deferred Tax		(1,060.10)	-
(d) Income tax for earlier year		-	-
VII. Profit / (Loss) for the year (V-VI)		1,163.36	25,848.54
VIII. Other Comprehensive Income			
A. Item that will not be reclassified to Profit & Loss			
- Re-measurement of Defined Benefit Plan		(8.88)	(5.80)
- Tax Impact thereon		-	-
B. Item that will be reclassified to Profit & Loss		-	-
Total Other Comprehensive Income (VIII)		(8.88)	(5.80)
Total Comprehensive Income / (Loss) for the year (VII+VIII)		1,154.48	25,842.74
IX. Earning per Equity Share of ₹ 10/- each Basic and Diluted (in ₹)	38	747.90	25,848.54

LGB STEEL PRIVATE LIMITED

Annual Report 2024-25

Notes forming an integral part to the financial statements 1 to 56

General information and Significant accounting policies A-B

As per my report of even date attached

For Scan and Co.,

Chartered Accountants,
(Firm Regn No. 113954W)

CA Chetan Khandelwal

Partner

Membership No. 408113

Place : Indore

Date : 22.04.2025

UDIN: 25408113BMKNZF6024

For and on behalf of the Board of Directors

P Prabakaran

Director

DIN:01709564

N Rengaraj

Director

DIN: 01662494

Arvind Mishra

Whole Time Director & CEO

DIN: 02129733

Deepak Sogani

CFO

STATEMENT OF CHANGES IN EQUITY (SOCIE)

A) Equity Share Capital

Particulars	31 st March, 2025		31 st March, 2024	
	No. of Shares	Amount	No. of Shares	Amount
-Balance at the beginning of the reporting period	1,00,000	10.00	1,00,10,000	1,001.00
-Changes in equity share capital during the year	-	-	(1,00,10,000)	(1,001.00)
-Shares issued during the year	55,550	5.56	1,00,000	10.00
-Balance at the end of the reporting period	1,55,550	15.56	1,00,000	10.00

1. Shares held by promoters at the end of the year 31st March, 2025

S No	Class of Shares	Promoter Name	No of Shares	% of Total shares	Change during the year
1	Equity	L.G Balakrishnan & Bros Limited	1,55,549	99.999%	55.55%
2	Equity	Mrs. Rajsri Vijaykumar	1	0.001%	0%

Shares held by promoters at the end of the year 31st March, 2024

S No	Class of Shares	Promoter Name	No of Shares	% of Total shares	Change during the year
1	Equity	L.G Balakrishnan & Bros Limited	99,999	99.999%	99.999%
2	Equity	Mrs. Rajsri Vijaykumar	1	0.001%	0.001%
3	Equity	IMEC Services Limited	-	-	(99.999%)
4	Equity	Mr. Umesh Shahra (holding one share as a nominee on behalf of IMEC Services Limited)	-	-	(0.001%)
5	Preference	IMEC Services Limited	-	-	(86.46%)

B) Other Equity

Particulars	Security Premium	Capital Reserve	Equity component of Compound Financial Liability	Retained Earning	Total
Balances as at 1st April, 2023	-	-	2,928.72	(33,916.53)	(30,987.81)
Profit / (Loss) for the year	-	-	-	25,848.54	25,848.54
Addition during the period	3,626.77	7,103.97	-	-	10,730.74
Adjustments during the year	-	-	(2,928.72)	-	(2,928.72)
Other Comprehensive Income (net of tax)	-	-	-	(5.80)	(5.80)

LGB STEEL PRIVATE LIMITED
Annual Report 2024-25

Particulars	Security Premium	Capital Reserve	Equity component of Compound Financial Liability	Retained Earning	Total
Balances as at 31st March, 2024	3,626.77	7,103.97	-	(8,073.79)	2,656.95
Profit for the year	-	-	-	1,163.36	1,163.36
Addition during the period	1,494.54	-	-	-	1,494.54
Adjustments during the year	-	-	-	-	-
Other comprehensive Income (net of tax)	-	-	-	(8.88)	(8.88)
Balances as at 31st March, 2025	5,121.31	7,103.97	-	(6,919.31)	5,305.96

As per my report of even date attached

For Scan and Co.,

Chartered Accountants,
(Firm Regn No. 113954W)

CA Chetan Khandelwal

Partner

Membership No. 408113

Place : Indore

Date : 22.04.2025

UDIN: 25408113BMKNZF6024

For and on behalf of the Board of Directors

P Prabakaran

Director

DIN:01709564

N Rengaraj

Director

DIN: 01662494

Arvind Mishra

Whole Time Director & CEO

DIN: 02129733

Deepak Sogani

CFO

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2025

		For the year 2024-25	For the year 2023-24
A	CASH FLOW FROM OPERATING ACTIVITIES		
	a) Profit / (Loss) Before Tax	103.26	25,848.54
	Adjustments for:		
	Depreciation, amortization and impairment expenses	156.20	157.52
	Finance Costs	107.46	142.85
	Interest Income	(11.47)	(13.73)
	Net Gain on Sale/Discard of Fixed Assets	(1.13)	-
	Discard of Fixed Assets	1.18	-
	Other Non Cash items	(8.88)	(5.80)
	b) Operating Profit before working capital changes	346.62	26,129.38
	Working capital adjustments:		
	(Increase) / Decrease in trade and other receivables	(1,656.67)	(48.52)
	(Increase) / Decrease in Inventories	(1,602.00)	60.11
	(Increase) / Decrease in Trade and other payables	2,131.97	(12,498.01)
	c) Cash generated from operations	(780.08)	13,642.96
	Income Tax paid	-	-
	NET CASH FROM OPERATING ACTIVITIES	(780.08)	13,642.96
B	CASH FLOW FROM INVESTING ACTIVITIES		
	Payment for Purchase and Construction of Property, Plant and Equipment	(795.61)	(1.48)
	Change in Other non-current assets & other long term advances	(17.24)	79.00
	Interest Income	-	13.73
	Redemption of bank deposit with maturity more than 3 months (net)	-	29.87
	Proceeds from issuance of Share Capital	-	3,636.77
	Reduction of Equity Share Capital & Preference Share Capital	-	3,174.25
	NET CASH GENERATED IN INVESTING ACTIVITIES	(812.85)	6,932.14
C	CASH FLOW FROM FINANCING ACTIVITIES		
	Increase / (decrease) in Borrowings and Finance Charges	(346.03)	(19,886.04)
	Proceed from issue of Equity Shares	1,500.09	-
	Interest income	11.47	-
	Finance Cost	(107.46)	(142.85)
	NET CASH USED IN FINANCING ACTIVITIES	1,058.07	(20,028.89)

LGB STEEL PRIVATE LIMITED
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		For the year 2024-25	For the year 2023-24
D	Net Increase / (decrease) in cash and cash equivalents	(534.86)	546.21
	Cash & Cash equivalents at beginning of the year	578.96	32.75
	Cash & Cash equivalents at end of the year	44.10	578.96
	Net increase / (decrease) in cash and cash equivalents	534.86	546.21

As per my report of even date attached

For Scan and Co.,

Chartered Accountants,
(Firm Regn No. 113954W)

CA Chetan Khandelwal

Partner

Membership No. 408113

Place : Indore

Date : 22.04.2025

UDIN: 25408113BMKNZF6024

For and on behalf of the Board of Directors

P Prabakaran

Director

DIN:01709564

N Rengaraj

Director

DIN: 01662494

Arvind Mishra

Whole Time Director & CEO

DIN: 02129733

Deepak Sogani

CFO

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(All amounts in Indian rupees lakhs)

Note 1: Property, Plant, Equipment & Intangible Assets

Particulars	Tangible Assets							WIP
	Freehold Land	Building	Plant & Machinery	P & M Solar Plant	Furniture & Fixture	Office Equipments	Vehicles	Total
Gross carrying Value as at 31st March, 2024	499.28	801.15	1,899.50	-	5.76	18.34	9.98	3,234.01
Additions	35.21	-	31.65	616.17	0.21	21.47	-	704.71
Deductions	-	-	-	-	0.34	0.67	0.67	1.68
Gross carrying Value as at 31st March, 2025	534.49	801.15	1,931.15	616.17	5.63	39.14	9.31	3,937.04
Accumulated Depreciation & Impairment								
As at 31st March, 2024	-	446.02	1,015.62		3.86	9.26	7.97	1,482.73
Depreciation for the year	-	26.80	126.92	0.11	0.01	2.36	-	156.20
Deductions	-	-	-	-	-	-	0.02	0.02
As at 31st March, 2025	-	472.82	1,142.54	0.11	3.87	11.62	7.95	1,638.91
Net Block								
As at 31st March, 2025	534.49	328.33	788.61	616.06	1.76	27.52	1.36	2,298.13
As at 31 st March, 2024	499.28	355.13	883.88	-	1.90	9.08	2.01	1,751.28
								498.80

LGB STEEL PRIVATE LIMITED

Annual Report 2024-25

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(All amounts in Indian rupees lakhs)

PARTICULARS	As at 31 st March, 2025	As at 31 st March, 2024
Note 2 Deferred Tax Asset		
Balance as at the beginning of the year	-	-
Deferred tax expense for the year*	1,060.10	-
Balance as at the end of the year	1,060.10	-
Total	1,060.10	-
* Refer Note 30B		

Note 3 Other Non-current assets		
MAT Credit entitlement	17.24	-
Total	17.24	-

Note 4 Inventories		
Raw Materials	263.88	-
Work in Progress	895.18	0.80
Finished Goods	387.49	-
Stores, Spares and Consumables	253.41	197.16
Stock-in-Trade (Valued at lower of cost and net realizable value except scrap valued at net realizable value)	-	-
Total	1,799.96	197.96

Note 5 Trade Receivables		
Unsecured, Considered Good ¹	1,492.83	67.89
Unsecured Considered Doubtful	221.27	1,268.09
	1,714.10	1,335.98
Less:- Allowance for Bad & Doubtful Debts (Refer Note 56)	221.27	1,268.09
Total	1,492.83	67.89

¹ Includes Receivables from Related Parties of ₹ 267.03 Lakhs (Previous year – ₹ 25.98 Lakhs)

In determining allowance for credit losses of trade receivables, the Company has used the practical expedient by computing the expected credit loss allowance based on a provision matrix. The provision matrix takes into account historical credit loss experience and is adjusted for forward looking information. The expected credit loss allowance is based on ageing of the receivables and rates used in the provision matrix.

PARTICULARS	As at 31 st March, 2025	As at 31 st March, 2024
Note 6 Cash and Cash Equivalents		
i. Balances with Banks		
in Current Accounts	43.51	578.42
ii. Cash on hand	0.59	0.54

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(All amounts in Indian rupees lakhs)

Total	44.10	578.96
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PARTICULARS	As at 31st March, 2025	As at 31st March, 2024
Note 7 Bank Balance Other Than Cash & Cash Equivalents Above		-
Other Bank Balances		
In Deposit account Earmarked against margin money (under lien) :		
Having maturity of more than 3 months upto 12 months	0.22	1.05
Total	0.22	1.05

Note 8 Other Financial Assets-Current		
Unsecured, considered good		
Security Deposit with Government Authorities (i)	14.07	47.70
Security Deposits (ii)	122.66	137.66
Total	136.73	185.36

i. Balances with Government Authorities primarily relate to amounts paid under protest in respect of demands and claims from regulatory authorities.

ii. Security Deposits primarily includes deposits for Electricity, Rent and Telephone services.

Note 9 Current Tax Asset		
Advance Income Tax	227.60	181.70
Total	227.60	181.70

Note 10 Other Assets-Current		
Balance with Government Authorities	116.84	10.89
Advance to Suppliers	152.31	16.56
Others Advances recoverable	13.07	12.63
Interest Accrued on deposits	0.05	0.09
Gratuity Fund	39.75	47.39
Total	322.02	87.56

Advance to suppliers include ₹ 75.18 Lakhs to related parties.

Note 11 Share Capital		
Authorised		
110,00,000 (Previous Year 110,00,000), Equity shares of ₹ 10/- each.	1,100.00	1,100.00
5,90,00,000 (Previous Year 5,90,00,000) 5% Non-cumulative redeemable preference shares of ₹ 10/- each	5,900.00	5,900.00
Total	7,000.00	7,000.00
Issued Subscribed & Paid Up		
1,55,550 (Previous Year 1,00,000) Equity shares of ₹ 10/- each	15.56	10.00
Total	15.56	10.00

*Preference shares are classified in other equity(Refer Note 12) and other financial liabilities (Refer Note 14)

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(All amounts in Indian rupees lakhs)

11.1 The reconciliation of the number of equity shares and amount outstanding is set out below:

Particulars	As at 31 st March, 2025		As at 31 st March, 2024	
	No. of Shares	Amount	No. of Shares	Amount
Equity Shares at the beginning of the year	100,000	10.00	10,010,000	1001.00
Less: Share Cancelled during the year	-	-	(10,010,000)	(1001.00)
Add: Share issued during the year	55,550	5.56	100,000	10.00
Equity Shares at the end of the year	155,550	15.56	100,000	10.00

Terms/Right attached to equity shares

11.2 The company has one class of equity shares having a par value of ₹ 10 per share. Each shareholder is eligible for one vote per share. The dividend proposed if any by the Board of Directors is subject to the approval of shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders will be entitled to receive the remaining assets of the Company, after distribution of all preferential amounts, in proportion of their shareholding.

11.3 1,55,550 Equity share (Previous Year 1,00,000 Equity share) are held by holding company LG Balakrishnan & Bros Limited and its nominee(s).

11.4 The details of Equity shareholders holding more than 5% shares

Name of the Shareholders	As at 31 st March, 2025		As at 31 st March, 2024	
	No of shares held	% Held	No of shares held	% Held
L.G. Balakrishnan & Bros. Limited and it's nominee	155,550	100	100,000	100

As per the records of the company, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represent both legal and beneficial ownerships of equity shares.

11.5 During the period of five year immediately preceding the date on which the balance sheet is made

- (i) No bonus shares were issued and
- (ii) No shares were bought back, by the company
- (iii) No Equity shares are allotted for consideration other than cash, by the company

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(All amounts in Indian rupees lakhs)

PARTICULARS	As at 31 st March, 2025	As at 31 st March, 2024
Note 12 Other Equity		
Retained Earnings		
Balance as at the beginning of the year	(8,073.79)	(33,916.53)
Add : Profit/(loss) for the year	1,163.36	25,848.54
Add: Remeasurement of post-employment defined benefit plans	(8.88)	(5.80)
Add: Tax on remeasurement of post-employment defined benefit plans	-	-
Add : Adjustments during the year	-	-
Balance as at the end of the year	(6,919.31)	(8,073.79)
Equity Component of Compound Financial Instrument		
Balance as at the beginning of the year	-	2,928.72
Add: Adjustments during the year	-	(2,928.72)
Balance as at the end of the year	-	-
Security Premium		
Balance as at the beginning of the year	3,626.77	-
Add : Addition during the year	1,494.53	3,626.77
Balance as at the end of the year	5,121.30	3,626.77
Capital Reserve		
Balance as at the beginning of the year	7,103.97	-
Add : Addition for the year	-	7,103.97
Balance as at the end of the year	7,103.97	7,103.97
Total	5,305.96	2,656.95
Note 13(a) Borrowings-Non Current		
(a) Non Current		
Working Capital Term Loan		
From Banks	-	-
Total (a)	-	-
Note 13(b) Borrowings-Current		
Loans repayable on demand		
(1) Secured		
(i) Working Capital Loans		
From Banks	153.97	-
(ii) Unsecured Loans – Holding Company	-	500.00
Total (b)	153.97	500.00

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(All amounts in Indian rupees lakhs)

Note 13- Borrowings – (b) Current

(i). Details of Borrowings

Particulars	Interest Rate	Security	Terms of Repayment	As at 31 st March, 2025	As at 31 st March, 2024
HDFC Bank: Cash Credit	8.5%	Secured by Second Pari-passu charge on all fixed assets of the Company by way of hypothecation only and First Pari passu charge on the Current assets of the Company present and future with ICICI Bank.	On demand and renewable after one year	153.97	-
ICICI Bank: Cash Credit	Repo Rate + Spread per annum plus applicable statutory levy	Secured by Second Pari-passu charge on all fixed assets of the Company by way of hypothecation only and First Pari passu charge on the Current assets of the Company present and future with HDFC Bank.	On demand and renewable after one year.	(39.65)	-

(ii) Unsecured Loans – Holding Company

(Rupees in Lakhs)

Particulars	As at 31 st March, 2025	As at 31 st March, 2024
Loan from Holding Company	-	500.00
Note 14 Other Financial Liabilities-Non Current		
5% Non Cumulative redeemable Preference share (Refer Note 35)	-	-
Add: Adjustments during the year	-	-
Total	-	-

14.1 The reconciliation of the number of Preference shares and amount outstanding is set out below:

	As at 31 st March, 2025		As at 31 st March, 2024	
	No. of Shares	Amount	No. of Shares	Amount
Preference Shares at the beginning of the year	-	-	49,488,700	4,948.87
Add: Shares issued / (redeemed) during the year	-	-	-	-
Less: Shares issued / (cancelled) during the year	-	-	(49,488,700)	(4,948.87)
Preference Shares at the end of the year	-	-	-	-

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(All amounts in Indian rupees lakhs)

Terms/Right attached to preference shares :

14.2 Preference shares were cancelled during 2023-24 as per order of Hon' able NCLT.

14.3 Preference shares are non-cummulative, redeemable and have a par value of ₹ 10 per share. Each Preference shareholder is eligible for one vote per share only on resolution affecting their rights and interest. Shareholders are entitled to dividend at the rate of 5% p.a. which is non-cumulative. In the event of liquidation of the company before redemption, the holders of preference shares will have priority over equity shares in the payment of dividend and repayment of capital.

14.4 The details of 5% Non - Cumulative Redeemable Preference Shareholders holding more than 5% shares:

Name of the Shareholders	As at 31 st March, 2025		As at 31 st March, 2024	
	No of shares held	% Held	No of shares held	% Held
-	-	-	-	-

PARTICULARS	As at 31 st March, 2025	As at 31 st March, 2024
Note 15 Provisions-Non Current		
For Employee Benefits (Refer Note 40)	11.54	16.27
Total	11.54	16.27
Note 16 Other Liabilities-Non Current		
Security Deposit	-	1.64
Deposit For Resolution	-	-
Total	-	1.64
Note 17 Trade Payable		
Dues to Micro and Small Enterprises (Refer Note 30 and 31)	76.30	9.14
Dues to others (Refer Note 30 and 31)	2,020.52	119.21
Total	2,096.82	128.35
Note 18 Other Financial Liabilities-Current		
Interest accrued & due on borrowings	-	-
Total	-	-
Note 19 Other Liabilities-Current		
Statutory Dues	19.84	10.46
Advances from Customers ¹	148.83	26.23
Other liabilities	73.22	48.48
Payable to COC (Refer note 29)	143.78	143.78
Total	385.67	228.95
1 Advance from Customers includes ₹ 75.18 Lakhs (Previous year ₹ 0) advance to Related Parties (Refer Note 32)		
Note 20 Provisions-Current		
For employee benefit (Refer Note 40)	4.30	8.40
Provision for tax	17.24	-
Total	21.54	8.40

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NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(All amounts in Indian rupees lakhs)

PARTICULARS		For The Year Ended 31 st March, 2025	For The Year Ended 31 st March, 2024	
Note 21 Revenue From Operations				
A. Sales of Products (2)		6,468.92	352.87	
B. Sale of Services				
Job Work Processing Charges Received (1)		1,892.75	1,885.26	
Other Service Income		3.07	4.72	
C. Other Operating Revenue		24.56	4.67	
Total		8,389.30	2,247.52	
1 Includes Job Work to Related Party of ₹ 355.99 Lakhs (Previous Year ₹ 126.93 Lakhs)				
2 Includes Sales to Related Party of ₹ 749.30 Lakhs (Previous Year ₹ Nil)				
Note 22 Other Income				
A. Interest Income				
- On Fixed Deposit		-	1.59	
- Other Interest Income		11.47	12.13	
B. Other non-operating income			-	
Other Income		0.01	0.14	
Sundry Bal. Written Off		-	-	
Sales Tax Refund		-	-	
Insurance Claim Received		1.17	0.63	
Profit on Exchange Fluctuation		-	-	
Profit on Sales of Property, Plant and Equipment		1.14	-	
Total		13.79	14.49	
Note 23 Cost Of Materials Consumed				
Raw Materials Consumed		5,805.28	13.55	
Total		5,805.28	13.55	
Imported and Indigenous Raw Material Consumed				
Raw Material	For The Year Ended 31 st March, 2025		For The Year Ended 31 st March, 2024	
	Amount	% of Total Consumption	Amount	% of Total Consumption
Imported	-	0%	-	0%
Indigenous	5,805.28	100%	13.55	100%
Total	5,805.28	100%	13.55	100%
Note 24 Cost Of Stock In Trade				
Cost of traded goods ¹		377.74	349.04	
Total		377.74	349.04	
1 Includes purchase from related party of ₹ 100.53 Lakhs (Previous Year Nil)				
Details of Consumption of stock in trade				
a) Hot Rolled Coil		-	-	
b) Defective		218.50	191.84	
b) Wastage & Scrap		159.24	157.20	
c) Grains		-	-	
Total		377.74	349.04	

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(All amounts in Indian rupees lakhs)

PARTICULARS	For The Year Ended 31 st March, 2025	For The Year Ended 31 st March, 2024
Note 25 Changes In Inventories Of Finished Goods Work-In-Progress And Stock-In-Trade		
Inventory at the end of the year		
Finished Goods	387.49	-
Work in Progress	895.18	0.80
Stock-in-Trade	-	-
Total	1,282.67	0.80
Less: Inventory at the Beginning of the year		
Finished Goods	-	1.68
Work in Progress	0.80	1.08
Stock-in-Trade	-	-
Total	0.80	2.76
Net (Increase)/Decrease in Inventories Total	(1,281.87)	1.96
Note 26 Employee Benefits Expense		
Salaries and Wages	606.77	494.95
Managerial remuneration	44.79	31.22
Contribution to Provident and other funds	28.09	26.84
Staff Welfare Expenses	40.55	33.47
Total	720.20	586.48
Note 27 Finance Costs		
Interest expense	56.60	137.14
Interest expense Related Party	31.44	5.66
Other Borrowing Cost	19.42	0.05
Total	107.46	142.85
Note 28 Other Expenses		
Manufacturing Expenses		
Consumption of Stores, Spares, consumable	394.13	295.29
Power and Fuel	1,433.23	1,049.99
Processing Charges	38.83	6.26
Rent	20.63	19.89
Repairs to Buildings	2.59	3.77
Repairs to Machinery	12.64	5.63
Repairs others	14.66	10.52
Other Manufacturing Expenses	32.87	14.82
Selling and Distribution expenses		
Freight and forwarding charges	235.89	26.06
Packing, Cutting, Forwarding	49.23	33.83
Cash Discount on Sales	-	-
Brokerage on Sales	1.80	-
Allowance for Bad Debts & Doubtful Debts	-	-
Sundry Balance Written Off	(0.27)	-

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NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(All amounts in Indian rupees lakhs)

PARTICULARS	For The Year Ended 31 st March, 2025	For The Year Ended 31 st March, 2024
Establishment and Other expenses		
Insurance exp	7.63	6.58
Rates and Taxes ,excluding taxes on income	6.65	1.24
Payment to Auditors (Refer Note 35)	3.35	2.05
Travelling & Conveyance	24.66	28.70
Legal & Professional Charges	41.46	15.28
Loss on foreign currency transaction/translation (Net)	-	-
Electricity & Telephone Expenses	12.71	11.11
Software	27.40	24.18
Factory Expenses Others	6.89	54.69
Miscellaneous Expenses	47.84	21.55
Total	2,414.82	1,631.44
Note 29 Exceptional Items		
Resolution Professional Charge (1)	-	52.93
Balances Written off due to Resolutions Proceedings	-	(26,522.30)
Total	-	(26,469.37)
1 In relation to appointment of Resolution Professional there has been expenditure of resolution professional fee, audit fees and reimbursement for the expenses incurred by him.		
Note 30 Tax Expenses		
Tax expenses recognized in the statement of Profit & Loss:		
I Current Tax		
in respect of current year	17.24	-
in respect of earlier year	-	-
Total	17.24	-
II MAT Credit entitlement	(17.24)	-
III Deferred Tax		
in respect of current year	-	-
Total Deferred income tax expense/(credit)	(1,060.10)	-
Total	(1,060.10)	-
A. Reconciliation of the income tax amount between the enacted income tax rate and the effective income tax of the Company is as follows:		
Particulars	2024-25	2023-24
Profit/(loss) before tax	103.26	25,848.54
Applicable Tax Rate	16.69%	26.00%
Income tax as per above rate*	17.24	-
Adjustments for taxes for;	-	-
Expense not deductible for tax purposes	-	-
Income Tax related to earlier year	-	-
Tax due to change in tax rate	-	-
Income tax as per statement of profit and loss	17.24	-

*No Tax due to Loss as per Income Tax in Previous year.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(All amounts in Indian rupees lakhs)

B.The movement in Deferred Tax assets and liabilities during the year ended 31st March, 2024 and 31st March, 2025

Particulars	As at 1 st April, 2023	(Credit)/ charge in statement of Profit and loss	Recognized in OCI	As at 31 st March, 2024	(Credit)/ charge in statement of Profit and loss	Recognized in OCI	As at 31 st March, 2025
Deferred tax liabilities							
Depreciation on PPE	-	-	-	-	584.96	-	584.96
Other timing difference	-	-	-	-	-	-	-
Deferred Tax assets							
Amount allowable on payment basis	-	-	-	-	-	-	-
Business losses carried forward and unabsorbed depreciation	-	-	-	-	(1,645.06)	-	(1,645.06)
Total	-	-	-	-	(1,060.10)	-	(1,060.10)

Note 31 Contingent Liabilities and commitments

(To the extent not provided for)

Particulars	2024-25	2023-24
A) Contingent liabilities:		
i) Income Tax/ Sales Tax/Customs Duty/Excise Duty / Goods and Service Tax/ other disputed amount in appeals/ demands.	77.53	42.19
ii) Estimated liability of Custom duty which may arise if export obligation is not fulfilled ²	-	-
iii) Bank Gurantees	147.77	-
B) Commitments:		
Estimated amount of contracts remaining to be executed on capital commitment (Net of Advance)	612.21	-

Notes on Contingent liabilities and commitments

During the previous years, the company received demand notice of ₹ 305.30 Lakhs pertaining to Assessment Year 2021-22 and 2012-13 for Income tax. The same demand was not accepted by COC or formed part of payment as per NCLT order. In respect of this demand, income tax department had adjusted refund of ₹ 143.78 lakhs. In lieu of this, the company has not disclosed the remaining payable amount against the demand as part of liabilities or contingent liabilities.

However, the company is yet to file requisite replies to Income tax department for extinguishment of this demand.

Furthermore, as per NCLT order, the refund amount which would be released by Income tax department would be payable to COC.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(All amounts in Indian rupees lakhs)

Note 32 - Trade Payables ageing schedule

Particulars	Outstanding for following periods from due date of payment				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) MSME	76.30	-	-	-	76.30
(ii) Others	2019.45	1.07	-	-	2020.52
(iii) Disputed dues – MSME	-	-	-	-	-
(iv) Disputed dues – Others	-	-	-	-	-

Note 33

- a) Trade Payables includes ₹ 76.30 Lacs (Previous Year- ₹ 9.14 Lacs) amount due to micro and small enterprises registered under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED) Act.
- b) The details of amount outstanding to Micro and Small Enterprises are as under:

Particulars	As at 31 st March,2025	As at 31 st March,2024
Principal amount due and remain unpaid	76.30	9.14
Interest due on above and unpaid interest	-	-
Interest paid	-	-
Payment made beyond appointed day during the year	-	-
Interest due and payable for the period of delay	-	-
Interest accrued and remaining unpaid at the year end	-	-
Amount of further interest due and payable in succeeding years.	-	-

The information has been determined to the extent such parties have been identified on the basis of information available with the Company and relied upon by the Auditors.

Note 34 - Related Party Relationships, Transactions and Balances

As per Ind AS-24, the disclosures of transactions with related parties are given below:

List of related parties where control exists with whom transactions have taken place and relationships:

(i) Parties where control exists

Name of Entity	Relation
L.G. Balakrishnan & Bros Ltd	Holding Company (w.e.f. 13 th February, 2024)

(ii) Person or close members has control or joint control, significant influence on the reporting entity or is member of KMP in reporting entity

Name of Person	Relation
(a) KMP	
Mr. Arvind Mishra	Chief Executive Officer
Mr. Deepak Sogani	Chief Financial Officer
(b) Directors	
Sri P Prabakaran	Director
Sri N Rengaraj	Director
Sri K Rajendran	Director
Mr. Arvind Mishra	Whole Time Director (w.e.f. 23 rd July, 2024)

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(All amounts in Indian rupees lakhs)

(iii) Entities where Key Management Personnel & relatives of Key Management Personnel have significant influence: Nil

Note: Related Party relationship is as identified by the Company on the basis of information available and relied upon by the Auditor.

Transactions carried out with related parties referred in above, in ordinary course of business during the existence of related party relationship:

Nature of Transaction	F.Y. 2024-25	F.Y. 2023-24
L.G. Balakrishnan & Bros Limited		
Unsecured Loan from Holding company (Repayment on 12.12.2024)	NIL	500.00
Interest paid on loan to holding company (up to 11.12.2024)	31.44	5.66
Job work service rendered to holding company	355.99	126.93
Sales to holding Company	749.30	-
Purchases from holding Company	100.53	-
Receivable against Job work service & Sales	191.85	25.98
Mr. Arvind Mishra (CEO & Whole time Directors)		
Remuneration	34.75	23.05
Outstanding	2.06	1.76
Mr. Deepak Sogani (CFO)		
Remuneration	10.04	8.17
Outstanding	0.54	0.58
Mr.Ajay Patel(Company Secretary up to 11.12.2023)	-	
Remuneration		2.00
Outstanding		-
Mrs. Rajesh Soni (Director of previous holding company w.e.f.12.08.2022 upto 09.01.2024)		
Remuneration	-	3.65
Outstanding		-

Note 35 - Segment Reporting

General Information

Factors used to identify the entity's reportable segments, including the basis of organization

Based on the criterion as mentioned in Ind-As-108-" Operating Segment", the Company has identified its reportable segments into single category, as follows:

- Segment - Steel

Note 36 - In the opinion of Board of Directors, Non-current and current assets, Loans and Advances have value on realization in the ordinary course of business, at least equal to the amount at which they are stated in the Balance sheet and that the provision for known liabilities is adequate and reasonable. There are no contingent liabilities other than stated herein above.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(All amounts in Indian rupees lakhs)

Note 37 – Payment to the Auditors:

Particulars	2024-25	2023-24
(i) Remuneration to the Statutory auditors		
- For Statutory Audit	1.00	0.75
- For Tax Audit	0.30	0.25
- For GST Audit	0.30	0.25
(ii) Remuneration to Internal Auditors	0.80	0.40
(iii) Remuneration to Secretarial Auditors	0.45	0.40
(iv) Remuneration to Cost Auditors	0.50	-

Note 38 - Earnings per Share (EPS)

S No	Particulars	2024-25	2023-24
	Basic and Diluted Earnings Per Share		
(a)	Net (Loss) / Profit after tax	1,163.36	25,848.54
(b)	Less: Preference Dividend including tax there on	-	-
(c)	(Loss) / Profit available for Equity Shareholders	1,163.36	25,848.54
(d)	Weighted Average Number of Equity Shares (Nos.)	1,55,550	1,00,000
(e)	Nominal Value of Per ordinary Share (₹)	10	10.00
(f)	Basic Earnings Per Share (₹)	747.90	25,848.54

Note 39 - Disclosure on Financial and Derivative Instruments:

The Company uses foreign currency forward exchange contracts to hedge its exposures in foreign currency related to firm commitment and highly probable forecasted transactions;

- (i) Notional amounts of forward contract entered into by the company and outstanding at the year-end is- NIL
- (ii) Foreign currency exposure which are not hedged as at year end:

2024-25					2023-24				
Currency	Payable in Foreign Currency*	Amount in INR	Receivable in Foreign Currency	Amount in INR	Currency	Payable in Foreign Currency	Amount in INR	Receivable in Foreign Currency	Amount in INR
EURO	0.007	0.72	-	-	USD	-	-	-	-

Note 40 Disclosure as per IndAS-19– Employee Benefits

Gratuity:

The Company provides for gratuity for employees in India as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/termination is paid as per the provisions of Payment of Gratuity Act, 1972. The gratuity plan is funded plan and company makes annual contributions to the Group Gratuity cum Life Assurance Scheme administered by LIC of India, a Funded defined benefit plan for qualifying employees.

The annual premium paid to Life Insurance Corporation of India is charged to statement of Profit & Loss account. The Company also carries out actuarial valuation of gratuity using projected Unit Credit Method as required by Indian Accounting Standard “Employee Benefits”.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(All amounts in Indian rupees lakhs)

Particulars	Gratuity	Gratuity
	2024-25	2023-24
Change in the Present Value of Projected Benefit obligation		
Obligation at the beginning of the year	54.08	51.07
Current Service cost	2.18	2.11
Interest Cost	3.82	3.81
Past Service Cost	-	-
Liability transferred In/Acquisitions	-	-
(Liability transferred Out/Divestments)	-	-
(Gains)/Losses on Curtailment	-	-
(Liability Extinguished on Settlement)	-	-
(Benefit paid directly by the Employer)	-	-
(Benefit Paid from the Fund)	-	(7.45)
The Effect of Changes in Foreign Exchange Rates	-	-
Actuarial (Gains)/Losses on Obligation –Due to changes in Demographic Assumptions	-	-
Actuarial (Gains)/Losses on Obligation –Due to changes in Financial Assumptions	1.77	0.75
Actuarial (Gains)/Losses on Obligation –Due to Experience	6.71	3.79
Present value of benefit obligation at the end of the year	68.62	54.08
Change in the fair value of plan assets		
Fair value of plan assets at the beginning of the year	101.47	102.43
Interest Income	7.28	7.64
Contributions by the Employer	0.31	0.10
Expected Contributions by the Employees	-	-
Assets Transferred In /Acquisitions	-	-
Assets Transferred Out /Divestments	-	-
Benefits paid Form the Fund	-	(7.45)
(Assets Distributed on Settlements)	-	-
(Expenses and Tax for managing the Benefit Obligations- paid from the fund)	-	-
Effects of Assets Ceiling	-	-
The Effects of Changes In Foreign Exchange Rates	-	-
Return on Plan Assets, Excluding Interest Income	(0.40)	(1.25)
Fair value of plan Assets at the end of the year	108.38	101.47
Amount recognized in the Balance Sheet		
Present value of benefit obligation at the end of the year	(68.62)	(54.08)
Fair value of plan assets at the end of the year	108.38	101.47
Funded Status (Surplus)/(Deficit)	39.75	47.39
Net (Liability)/Asset recognized in balance sheet	39.75	47.39
Balance Sheet Reconciliation		
Opening Net Liability	(47.39)	(51.37)
Expenses recognized in Statement of Profit or Loss	(1.22)	(1.72)

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(All amounts in Indian rupees lakhs)

Particulars	Gratuity	Gratuity
	2024-25	2023-24
Expenses recognized in OCI	(8.88)	(5.80)
Net (Liability)/Asset Transfer In	-	-
Net (Liability)/Asset Transfer Out	-	-
(Benefit Paid Directly by the Employer)	-	-
(Employer's Contributions)	(0.31)	(0.10)
Net Liability/(Asset) recognized in balance sheet	(39.75)	(47.39)
Amounts recognized in the profit and loss account		
Current service cost	2.18	2.11
Net Interest cost	(3.40)	(3.83)
Past Service Cost	-	-
(Expected Contributions by the Employees)	-	-
(Gains)/Losses on Curtailments and Settlements	-	-
Net Effect of Changes in Foreign Exchange Rate	-	-
Expenses Recognized	(1.22)	(1.72)
Expenses Recognized in the Other Comprehensive Income (OCI) for Current Year		
Actuarial (Gains)/Losses on Obligation for the year	8.48	4.54
Return on Plan Assets, Excluding Interest Income	0.40	1.26
Change in Assets Ceiling	-	-
Net (Income)/ Expenses for the year Recognized in OCI	8.88	5.80
Sensitivity Analysis		
Projected Benefit Obligation on Current Assumptions	68.62	54.08
Delta Effect of +1% change in Rate of Discounting	(3.76)	(2.50)
Delta Effect of -1% change in Rate of Discounting	4.12	2.75
Delta Effect of +1% change in Rate of Salary Increase	4.13	2.75
Delta Effect of -1% change in Rate of Salary Increase	(3.81)	(2.55)
Delta Effect of +1% change in Rate of Employee Turnover	0.11	0.12
Delta Effect of -1% change in Rate of Employee Turnover	(0.12)	(0.13)
Assumptions (Current Period)		Current Period
Expected Return of Plan Assets	6.71%	7.17%
Rate of Discounting	6.71%	7.17%
Rate of Salary Increase	6.00%	6.00%
Rate of Employee Turnover	2.00%	2.00%
Mortality Rate During Employment	Indian Assured Lives Mortality 2012-14 (Urban)	Indian Assured Lives Mortality 2012-14 (Urban)
Mortality Rate After Employment	N.A.	N.A.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(All amounts in Indian rupees lakhs)

Note 41 - Value of Imported and Indigenous Stores & Spares Consumed:

Particulars	2024-25		2023-24	
	Value	% of Consumption	Value	Value
Imported	-	-	-	-
Indigenous	394.13	100%	295.29	100%

Note 42

A) Value of Imports Calculated on CIF Basis

Particulars	2024-25	2023-24
Raw Materials & Stock in Trade	-	-
Merchant Import	-	-

B) Expenditure in Foreign Currency

Particulars	2024-25	2023-24
Import of Plant and Machinery (Advance given)	79.28	-

Note 43 Earning in Foreign Currency

Particulars	2024-25	2023-24
Exports of goods – calculated on FOB basis	-	-
Merchant Export	-	-

Note 44 - Leases -Where company is Lessee

The Company has taken various premises under cancellable operating leases with no restrictions and is renewable / cancellable at the option of either party. There are no sub leases. There are no restrictions imposed by lease arrangements. The company has not recognized any contingent rent as expense in the statement of profit and loss.

The total future minimum lease rentals payable in respect of non-cancellable lease at the balance sheet date is- Nil.

The aggregate amount of operating lease payments recognized in the statement of profit and loss is ₹ 20.63 Lacs (Previous Year ₹ 19.89 Lacs)

Note 45 - Capital work in progress represents following:

Particulars	As at 31 st March, 2025	As at 31 st March, 2024
Civil Work, Plant & Machinery	592.13	498.80

Note 46 - A Deferred Income Tax Asset is recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilized. As currently CIRP process is carried out and certainty for taxable profits in the coming years does not seem probable, deferred tax assets recognized in the earlier years has been reversed. However, after completion of CIRP process, deferred tax asset has been recognized.

The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority. Significant management judgement is required in determining provision for income tax, deferred income tax assets and liabilities and recoverability of deferred income tax assets. The recoverability of deferred income tax assets is based on estimates of taxable income by each jurisdiction in which the relevant entity operates and the period over which deferred income tax assets will be recovered.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(All amounts in Indian rupees lakhs)

Note 47 Financial Instruments – Fair values and risk management

Financial risk management

The Company's principal financial liabilities, other than derivatives, comprise borrowings, trade and other payables, and financial guarantee contract. The main purpose of these financial liabilities is to manage finances for the company's operation. The company's financial assets comprise investment, loan and other receivables, trade and other receivable, cash, and deposits that arise directly from its operations.

The Company's activities are exposed to market risk, credit risk and liquidity risk. In order to minimize adverse effects on the financial performance of the Company, derivative financial instruments such as forward contracts are entered into to hedge foreign currency risk exposure. Derivatives are used exclusively for hedging purpose and not as trading and speculative purpose.

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

- (i) Market risk
 - (a) Currency risk;
 - (b) Interest rate risk;
- (ii) Credit risk; and Liquidity risk;

Risk management framework

The Company's activities expose it to a variety of financial risks, including market risk, credit risk and liquidity risk. The Company's primary risk management focus is to minimize potential adverse effects of risks on its financial performance. The Company's risk management assessment and policies and processes are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor such risks and compliance with the same. Risk assessment and management policies and processes are reviewed regularly to reflect changes in market conditions and the Company's activities. The Board of Directors and the Audit Committee is responsible for overseeing the Company's risk assessment and management policies and processes.

(i) Market risk

Market risk is the risk of changes in the market prices on account of foreign exchange rates, interest rates and Commodity prices, which shall affect the Company's income or the value of its holdings of its financial instruments. The objective of market risk management is to manage and control market risk exposure within acceptable parameters, while optimizing the returns:

(a) Currency risk

The fluctuation in foreign currency exchange rates may have potential impact on the profit and loss account and equity, where any transaction has more than one currency or where assets/liabilities are denominated in a currency other than the functional currency of the entity.

Considering the countries and economic environment in which the Company operates, its operations are subject to risks arising from fluctuations in exchange rates in those countries. The risks primarily relate to fluctuations in U.S. dollar and Euro, against the respective functional currencies (INR).

The Company, as per its risk management policy, uses foreign exchange and other derivative instruments primarily to hedge foreign exchange and interest rate exposure. The Company does not use derivative financial instruments for trading or speculative purposes.

Exposure to currency risk

The summary quantitative data about the Company's exposure to currency risk as reported by the management of the Company is as follows:

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(All amounts in Indian rupees lakhs)

Particulars	31 st March, 2025 EURO Exposure in INR	31 st March, 2024 EURO Exposure in INR
Receivable Net exposure		
Trade receivables	-	-
Net Statement of financial position exposure	-	-
Forward exchange contracts against exports	-	-
Receivable Net exposure	-	-
Payable Net exposure	-	-
Trade payables and other financial liabilities	0.72	-
Net statement of financial position exposure	-	-
Forward exchange contracts against imports and foreign currency payables	-	-
Payable Net exposure	-	-
Total Net Exposure on Receivable/ (Payable)	(0.72)	-

Sensitivity to Foreign Currency Risk

Following table demonstrates the sensitivity in the USD currency if the currency rate is increased / (decreased) by 1% with all other variables held constant. The below impact on the Company's profit before tax is based on changes in the fair value of unhedged foreign currency monetary assets and liabilities at balance sheet date

Effect in INR lacs	Profit or loss		Profit or loss	
	31 st March, 2025		31 st March, 2024	
	Strengthening	Weakening	Strengthening	Weakening
EUR	0.01	(0.01)	-	-

(b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to market risk for changes in interest rates relates to deposits and borrowings from Bank. Currently company is not using any mitigating factor to core the interest rate risk

For details of the Company's short-term and long term loans and borrowings, including interest rate profiles, refer to Note 13(a), 13(b) and Note 18 of these financial statements.

Interest rate sensitivity- variable rate instruments

A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased / decreased equity and profit or loss by amounts shown below. This analysis assumes that all other variables remain constant. This calculation also assumes that the change occurs at the balance sheet date and has been calculated based on risk exposures outstanding as at that date. The period end balances are not necessarily representative of the average debt outstanding during the period.

Particulars	31 st March, 2025	31 st March, 2024
Impaction Profit or Loss for the year Decrease	1.54	5.00
Impaction Profit or Loss for the year Increase	(1.54)	(5.00)

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(All amounts in Indian rupees lakhs)

(ii) Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counter party to a financial instrument fails to meet its contractual obligations and arises principally from the Company's receivables from customers. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the credit worthiness of customers to which the Company grants credit terms in the normal course of business. The Company establishes an allowance for doubtful debts and impairment that represents its estimate of incurred losses in respect of trade and other receivables and investments.

A. Trade and other receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the customer, including the default risk of the industry has an influence on credit risk assessment. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the credit worthiness of customers to which the Company grants credit terms in the normal course of business.

Summary of the Company's exposure to credit risk by age of the outstanding from various customers is as follows:

Particulars	As at 31 st March, 2025	As at 31 st March, 2024
Past due 0-90 days	1,452.43	67.86
Past due 91-180 days	40.40	-
Past due more than 180 days	221.27	1,268.12
(A)	1,714.10	1,335.98
Less: - Allowance for Bad & Doubtful Debts (B)	221.27	1,268.09
TOTAL (A-B)	1,492.83	67.89

Expected credit loss assessment for customers as at 31st March, 2025 and 31st March, 2024:

Reconciliation of loss allowance provision - Trade receivables

Particulars	Amount
31st March, 2023	
Opening provision	6,366.27
Additional Provision made	(5,098.01)
Bad Debts written off against Provision already made	(0.17)
Provision Reverse against Bad Debts Recovery	6,366.27
Closing Provision	1,268.09
31st March, 2024	
Opening provision	1,268.09
Additional Provision made	-
Bad Debts written off against Provision already made	1,046.82
Provision Reverse against Bad Debts Recovery	-
Closing Provision	221.27

B. Cash and cash Equivalents

The Company holds cash and cash equivalents and other bank balance with credit worthy banks and financial institutions of ₹ 44.10 Lacs as at March 31, 2025 [Previous Year ₹ 578.96 Lacs]. The credit worthiness of such banks and financial institutions is evaluated by the management on an ongoing basis and is considered to be good.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(All amounts in Indian rupees lakhs)

(iii) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. Liquidity crises have led to default in repayment of principal and interest to lenders. The Company had taken measures to ensure that the Company's cash flow from business borrowing is sufficient to meet the cash requirements for the company's operations. The Company managing its liquidity needs by monitoring forecasted cash inflows and outflows in day to day business. Liquidity needs are monitored on various time bands, on a day to day and week to week basis, as well as on the basis of a rolling 30 day projections. Presently company's objective is to maintain sufficient cash to meet its operational liquidity requirements.

Currently there are no new fund arrangements from Banks or financial institutions been done to manage Company's liquidity requirements.

Exposure to liquidity risk

The table below analysis the Company's financial liabilities into relevant maturity groupings based on their contractual maturities for:

*All non-derivative financial liabilities

Contractual Cash Flows As at 31st March, 2025

Particulars	Carrying amount	Total	1 year or less	1-2 years	2-5 years	More than 5 years
Non-derivative financial liabilities						
Secured term loans and borrowings	153.97	153.97	153.97	-	-	-
Trade and other payables	2,096.82	2,096.82	2,095.75	1.07	-	-
Other financial liabilities (repayable on demand)	-	-	-	-	-	-
Derivative financial liabilities	-	-	-	-	-	-

Contractual Cash Flows As at 31st March, 2024

Particulars	Carrying amount	Total	1 year or less	1-2 years	2-5 years	More than 5 years
Non-derivative financial liabilities						
Secured term loans and borrowings	-	-	-	-	-	-
Trade and other payables	128.35	128.35	127.51	-	0.84	-
Other financial liabilities (repayable on demand)	-	-	-	-	-	-
Derivative financial liabilities	-	-	-	-	-	-

Note 48 - Capital Management

The Company's objective when managing the capital is to safeguard the Company's ability to continue as a going concern. In order to provide the return to shareholders and benefits to other stakeholder's and to maintain an optimal capital structure to reduce the capital.

The Company monitors capital using a ratio of 'adjusted net debt' to 'total equity'. For this purpose, adjusted net debt is defined as total debt, comprising interest-bearing loans and borrowings and obligations under finance leases, less cash and cash equivalents. Equity comprises of Equity share capital and other equity. However, in view of certain adverse factors and liquidity problems faced by the Company, the net worth of the Company has been fully eroded.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(All amounts in Indian rupees lakhs)

A. The Company's adjusted net debt to adjusted equity ratio was as follow:

Particulars	As at 31 st March, 2025	As at 31 st March, 2024
Non- Current Borrowings	-	-
Current Borrowings	153.97	500.00
Interest accrued	-	-
Total Debt	153.97	500.00
Less: Cash and cash equivalent	44.10	578.96
Adjusted net Debt	109.87	(78.96)
Total Equity	5,321.52	2,666.95
Net Debt to Equity ratio	(0.02)	(0.03)

B. Dividends

No dividend is paid by the Company in last three Years

C. Loan Covenants

In order to achieve this overall objective, the Company capital management amongst other things, aims to ensure that it meets financial covenants attached to the interest bearing loan and borrowings that defined capital structure requirements. There have been breaches in the financial covenants of interest bearing loan and borrowings in the current period and previous periods. The lenders have declared the borrowings have non-performing assets as per prudential norms of Reserve Bank of India. [Refer Note 11(a) & 11(b)]

Note 49 - Financial instruments by Category

A. Accounting classification and fair values

The following table shows the carrying amounts of financial assets and financial liabilities, including their level in fair value hierarchy. It does not include fair value information for financial assets and financial liabilities if the carrying amount is a reasonable approximation of fair value. A substantial portion of the Company's long-term debt has been contracted at floating rates of interest, which are reset at short intervals. Accordingly, the carrying value of such long-term debt approximates fair value.

Particulars	As at 31 st March, 2025			As at 31 st March, 2024		
	FVTPL	FVTOCI	Amortised Cost	FVTPL	FVTOCI	Amortised Cost
Non-Current Financial assets						
(i) Investments	-	-	-	-	-	-
(ii) Loans	-	-	-	-	-	-
(iii) Others	-	-	-	-	-	-
Current Financial assets						
(i) Investments	-	-	-	-	-	-
(ii) Trade receivables	-	-	1,492.83	-	-	67.89
(iii) Cash and cash equivalents	-	-	44.10	-	-	578.96
(iv) Bank Balance other than above	-	-	0.22	-	-	1.05
(v) Loans	-	-	-	-	-	-
(vi) Others	-	-	136.73	-	-	185.36

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(All amounts in Indian rupees lakhs)

Particulars	As at 31 st March, 2025			As at 31 st March, 2024		
	FVTPL	FVTOCI	Amortised Cost	FVTPL	FVTOCI	Amortised Cost
Non-Current Financial liabilities						
(i) Borrowings	-	-	-	-	-	-
Current Financial liabilities						
(i) Borrowings	-	-	153.97	-	-	500.00
(ii) Trade payables	-	-	2,096.82	-	-	128.35
(iii) Other Financial liability	-	-	-	-	-	-

Note 50 (A) Fair Value Hierarchy

The following table provides an analysis of financial instruments that are measured at fair values and have been grouped into Level 1, Level 2 and Level 3 below:

As at March 31 st , 2025	Level 1	Level 2	Level 3	Total
Financial assets				
Financial instruments at FVTPL				
(i) Investments;	-	-	-	-
Financial instruments at FVTOCI				
(i) Investments	-	-	-	-

As at March 31 st , 2024	Level 1	Level 2	Level 3	Total
Financial assets				
Financial instruments at FVTPL				
(i) Investments;	-	-	-	-
Financial instruments at FVTOCI				
(i) Investments	-	-	-	-

B. Measurement of fair values

Valuation techniques and significant unobservable inputs

Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- **Level 1:** quoted prices (unadjusted) in active markets for identical assets or liabilities.
- **Level 2:** inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- **Level 3:** inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Note 51 Company has made total provisions for Bad & Doubtful Debts for its customers of ₹ 221.27 (during the year ₹ Nil) (Previous year ₹ 1,268.09 Lacs).

Note 52 The carrying value of tangible assets (including capital work in progress of ₹ 592.13 Lacs) as at 31st March 2025 is ₹ 3,967.60 Lacs (Previous year ₹ 2,250.08 Lacs).

Note 53 The corresponding figure for 31st March, 2025 have been regrouped / reclassified in order to confirm to the presentation for the current year.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(All amounts in Indian rupees lakhs)

Note 54 - Capital-Work-in Progress (CWIP)

(a) For Capital-work-in progress, following ageing schedule shall be given:

CWIP aging schedule

CWIP	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	93.33	-	-	498.80	592.13
Projects temporarily suspended	-	-	-	-	-
Total	-	-	-	-	592.13

Note 55 - Trade Receivables ageing schedule

Particulars	Outstanding for following periods from due date of payment					Total
	Less than 6 months	6 months -1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade receivables – considered good	1,492.79	-	0.02	0.02	-	1,492.83
(ii) Undisputed Trade Receivables – considered doubtful	-	-	-	-	-	-
(iii) Disputed Trade Receivables considered good	-	-	-	-	-	-
(iv) Disputed Trade Receivables considered doubtful	-	-	-	-	221.27	221.27
TOTAL (A)	1,492.79	-	0.02	0.02	221.27	1,714.10
Less: - Allowance for Bad & Doubtful Debts (B)	-	-	-	-	221.27	221.27
TOTAL (A-B)	1,492.79	-	0.02	0.02	-	1492.83

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(All amounts in Indian rupees lakhs)

Note 56 - Financial Ratios

The ratios as per the latest amendment to Schedule III are as below:

S No	Financial Ratios	Year ended March 31 st , 2025	Year ended March 31 st , 2024	Variance	Reason for Variance
1	Current ratio* (Total current assets/Current liabilities) [Current liabilities: Total current liabilities - Current maturities of non-current borrowings and lease obligations]	1.51	1.502	0.53%	-
2	Net debt equity ratio (Net debt/Average equity) [Net debt: non-current borrowings + Current borrowings + non-current and current lease liabilities - Current investments - Cash and cash equivalents - Other balances with banks (including non-current earmarked balances)] [Equity: Equity share capital + Other equity + Hybrid perpetual securities]	0.02	(0.03)	-166.67%	*
3	Debt service coverage ratio* (EBIT/ (Net finance charges + Interest income from group companies + Scheduled principal repayments of noncurrent borrowings and lease obligations (excluding prepayments) during the period)) [EBIT: Profit before taxes +/- (-) Exceptional items + Net finance charges] [Net finance charges: Finance costs (excluding interest on current borrowings) - Interest income - Dividend income from current investments - Net gain/(loss) on sale of current investments]	2.08	5.81	-64.20%	*
4	Return on Equity (%) * (Profit after tax (PAT)/Average Equity) [Equity: Equity share capital + Other equity + Hybrid perpetual securities]	21.86%	969.22%	-97.74%	*
5	Inventory turnover ratio (in days) * (Average inventory/Sale of products in days)	43.46	0.29	14886.21%	*
6	Debtor's turnover ratio (in days) (Average trade receivables/Turnover in days)	33.95	11.61	192.42%	*

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(All amounts in Indian rupees lakhs)

S No	Financial Ratios	Year ended March 31 st , 2025	Year ended March 31 st , 2024	Variance	Reason for Variance
7	Trade payables turnover ratio (in days) (Average Trade Payables/Expenses) [Expenses: Total Expenses - Finance Cost - Depreciation and Amortisation Expense - Employee Benefit Expenses in respect of Retirement Benefits - Other expenses with respect to Royalty, Rates & Taxes, Provision for Doubtful Debts & Advances, Provision for Impairment and Foreign Exchange Gain/Loss]	0.14	56.23	-99.75%	*
8	Net capital turnover ratio (in days) (Average working capital/Turnover) [Working capital: Current assets - Current liabilities] [Current liabilities: Total current liabilities - Current maturities of long-term debt and leases] [Turnover: Revenue from operations]	0.16	0.19	-15.79%	-
9	Net profit ratio (%) * (Net profit after tax/Turnover)	13.87%	1150.09%	-98.79%	*
10	Return on Capital Employed (%) * (EBIT/Average capital employed) [Capital Employed: Equity share capital + Other equity + Hybrid perpetual securities + Noncurrent borrowings + Current borrowings + Current maturities of long-term debt and leases + Deferred tax liabilities] [EBIT: Profit before taxes +/- (-) Exceptional items + Net finance charges] [Net finance charges: Finance costs - Interest income - Dividend income from current investments - Net gain/(loss) on sale of current investments]	3.64%	(23.68%)	-115.37%	*
11	Return on investment (%) (Net gain/(loss) on sale/fair value changes of mutual funds/Average investment funds in current investments)	NA	NA	NA	-

* During the previous financial year, the company was undergoing Corporate Insolvency Resolution Process (CIRP), which limited its ability to operate at full capacity. However, pursuant to the order of the Hon'ble NCLT dated January 9, 2024, the company was taken over by L.G. Balakrishnan & Bros Ltd. As a result, the profit for FY 2023-24 was comparatively higher, primarily due to the one-time write-off of liabilities recognized as exceptional items. In the current year, the company is focused on optimizing its operational capacity. Consequently, significant variances in financial ratios may be observed between the periods.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(All amounts in Indian rupees lakhs)

A. General Information

LGB Steel Private Limited (Formerly known as RSAL Steel Private Limited) was incorporated as a Private Limited Company on 29th December, 2010. In the year 2011, the Company has acquired the steel division situated at Village Sejwaya, Ghatabillod, Dist. Dhar (M.P) from its erstwhile holding company namely IMEC Services Limited on Slump Sale Basis. The Company was under CIRP and was acquired by L.G. Balakrishnan & Bros Limited as per NCLT Order dated 9th January, 2024. The main business activities of the Company relates to manufacturing and trading of H R Coils, C R Coils, CRCA and other steel products. Currently Company is carrying out own production and job work activities.

As on 31st March, 2025, L.G. Balakrishnan & Bros Limited owns 100% of the Equity Shares of the Company, and has the ability to influence the Company's operations.

The financial statements for the year ended 31st March, 2025 were approved at the Board meeting held on April 22, 2025 duly Chaired by Mr. P Prabakaran and accordingly authorize for issue of the same to the members of the Company.

B. Significant Accounting Policies of Financial Statements

The significant accounting policies applied by the Company in the preparation of its financial statements are listed below. Such accounting policies have been applied consistently to all the periods presented in these financial statements, unless otherwise indicated.

(i) Statement of compliance

The financial statement have been prepared in accordance with Indian Accounting standards ("Ind AS") notified, under Section 133 of the Companies Act, 2013 ('Act') read with the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standard) Amendment Rules 2016 and the relevant provisions of the Act.

(ii) Basis of Preparation of Financial Statements

These financial statements have been prepared in accordance with Indian Accounting Standard (Ind AS), under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair value at the end of each reporting period, as explained in the accounting policies mentioned below.

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

The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

Functional and Presentation of Currency

These financial statements are presented in Indian rupees, which is the Company's functional currency. All amounts have been rounded to the nearest Rupees in Lacs unless otherwise indicated.

(iii) Use of Estimates, Judgments and Assumptions

In the preparation of the financial statements, the Company makes judgements, estimates and assumptions about the carrying value of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods affected.

Key source of estimation of uncertainty at the date of the financial statements, which may cause material adjustment to the carrying amounts of assets and liabilities within the next financial year, is in respect of impairment, useful lives of property and plant and equipment, valuation of deferred tax assets, provisions and contingent liabilities, fair value measurements of financial instruments and retirement benefit obligations as

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(All amounts in Indian rupees lakhs)

discussed below.

Impairment

The Company estimates the value in use of the cash generating unit (CGU) based on future cash flows after considering current economic conditions and trends, estimated future operating results and growth rates and anticipated future economic and regulatory conditions. The estimated cash flows are developed using internal forecasts. The cash flows are discounted using a suitable discount rate in order to calculate the present value

Useful lives of property, plant and equipment and intangible assets

The Company reviews the useful life of property, plant and equipment and intangible assets at the end of each reporting period. This reassessment may result in change in depreciation and amortization expense in future periods.

Valuation of deferred tax assets

The Company reviews the carrying amount of deferred tax assets at the end of each reporting period.

Provisions and contingent liabilities

A provision is recognized when the Company has a present obligation as result of a past event and it is probable that the outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are not recognized in the financial statements.

Fair value measurements of financial instruments

When the fair value 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 Discounted Cash Flow 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 value. Judgements include considerations of inputs such as liquidity risks, credit risks and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Retirement benefit obligations

The Company's retirement benefit obligations are subject to number of judgements including discount rates, inflation and salary growth. Significant judgements are required when setting these criteria and a change in these assumptions would have a significant impact on the amount recorded in the Company's balance sheet and the statement of profit and loss. The Company sets these judgements based on previous experience and third party actuarial advice.

(i) Property, plant and equipment

An item of property, plant and equipment is recognized as an asset if it is probable that future economic benefits associated with the item will flow to the Company and its cost can be measured reliably. This recognition principle is applied to costs incurred initially to acquire an item of property, plant and equipment and also to costs incurred subsequently to add to, replace part of, or service it. All other repair and maintenance costs, including regular servicing, are recognized in the statement of profit and loss as incurred. When a replacement occurs, the carrying value of the replaced part is de-recognized. Where an item of property, plant and equipment comprises major components having different useful lives, these components are accounted for as separate items.

Property, plant and equipment is stated at cost or deemed cost applied on transition to Ind AS, less accumulated depreciation and impairment. Cost includes all direct costs and expenditures incurred to bring the asset to its working condition and location for its intended use. Trial run expenses (net of revenue) are capitalised. Borrowing costs incurred during the period of construction is capitalised as part of cost of qualifying asset.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(All amounts in Indian rupees lakhs)

The gain or loss arising on disposal of an item of property, plant and equipment is determined as the difference between sale proceeds and carrying value of such item, and is recognized in the statement of profit and loss.

Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the company.

Depreciation of Fixed Assets

Depreciation on property, plant and equipment is provided on Written down value method (WDV) as per the useful life of the assets in the manner as specified in Schedule II to the Companies Act, 2013. The estimated useful life of assets and estimated residual value is taken as prescribed under Schedule II to the Companies Act, 2013.

Depreciation on additions during the year is provided on pro rata basis with reference to date of addition/installation. Depreciation on assets disposed/discarded is charged up to the date on which such asset is sold.

(i) Intangible Assets

Computer Software have finite useful lives and are measured at cost less accumulated amortization and any accumulated impairment losses.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates.

Amortization

Amortization is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over the estimated useful lives and is generally recognized in statement of profit and loss. Computer software are amortized over their estimated useful lives of 3 years. Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted, if required.

(ii) Inventories

Inventories are stated at the lower of cost and net realizable value, except by-product/ scrap is valued at net realizable value. Cost of inventories by using Moving Average Price Method. Costs comprise direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Net realisable value is the price at which the inventories can be realised in the normal course of business after allowing for the cost of conversion from their existing state to a finished condition and for the cost of marketing, selling and distribution.

Provisions are made to cover slow-moving and obsolete items based on historical experience of utilisation on a product category basis, which involves individual businesses considering their product lines and market conditions.

(i) Revenue

Revenue is measured at the fair value of the consideration received or receivable. Revenue is recognized to the extent that it is probable that the economic benefit will flow to the company and the revenue can be measured reliably and there is no continuing effective control/managerial involvement in respect of the revenue activity as described below.

a) Sale of goods

Revenue from sale of products is recognized when control of the products has transferred, being when the products are delivered to the customer. Delivery occurs when the products have been shipped or delivered to the specific location as the case may be, the risks of loss has been transferred, and either

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(All amounts in Indian rupees lakhs)

the customer has accepted the products in accordance with the sales contract, or the Company has objective evidence that all criteria for acceptance have been satisfied.

Revenue from sales is measured net of returns, trade discounts and volume rebates, GST but inclusive of excise duty wherever applicable. Further, the revenue amount is adjusted for the time value of money if that contract contains a significant financing component.

The timing of the transfer of control varies depending on the individual terms of the sales agreement.

b) Sale of Services

Revenue from sale of services is recognized when agreed contractual task has been completed or services are rendered.

c) Interest and Dividend

Interest income is recognized on accrual basis using the effective interest method. Dividend income is recognized in profit or loss on the date on which the company's right to receive payment is established.

(ii) Employee benefits

a) Defined benefit plans

The liability for gratuity a defined benefit plan is determined annually by a qualified actuary using the projected unit credit method.

The Company pays gratuity to the employees who have completed 5 Years of service with Company at the time when the employee leaves the company as per the Payment of Gratuity Act, 1972.

Remeasurement of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in OCI. Net interest expense (income) on the net defined liability (assets) is computed by applying the discount rate, used to measure the net defined liability (asset), to the net defined liability (asset) at the start of the financial year after taking into account any changes as a result of contribution and benefit payments during the year. Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Company recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

b) Defined contribution plans

The Company's payments to the defined contribution plans are recognized as expenses during the period in which the employees perform the services that payment covers. Defined contribution plan comprise of contribution to the employees' provident fund with government, Employees' State Insurance and Pension Scheme.

c) Short term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

d) Other Employee benefits

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognized as a liability at the present value of obligation as at the Balance sheet date determined based on an actuarial valuation.

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(All amounts in Indian rupees lakhs)

(i) Income Tax

Income tax expense comprises current and deferred tax. It is recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in OCI.

a) Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if, the Company:

- a) has a legally enforceable right to set off the recognized amounts; and
- b) Intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

b) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets include Minimum Alternative Tax (MAT) paid in accordance with the tax laws in India, which is likely to give future economic benefits in the form of availability of set off against future income tax liability. Accordingly, MAT is recognized as deferred tax asset in the balance sheet when the asset can be measured reliably, and it is probable that the future economic benefit associated with the asset will be realised.

Deferred tax assets and liabilities are offset only if:

- a) The entity has a legally enforceable right to set off current tax assets against current tax liabilities;
- b) The deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on the same taxable entity.

(iv) Foreign currency transactions and translations

The financial statements of the Company are presented in Indian Rupees, which is the functional currency of the Company and the presentation currency for the financial statements.

Transactions in foreign currencies are translated into the respective functional currencies of the Company at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Differences arising on settlement of monetary items are generally recognized in statement of profit and loss.

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Non-monetary items that are measured based on historical cost in a foreign currency are not translated. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Exchange differences arising out of these transactions are generally recognized in statement of profit and loss.

(v) Borrowing cost

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for the intended use or sale.

Qualifying asset are the assets that necessarily takes a substantial period of time to get ready for its intended use. Other borrowing costs are recognized as an expense in the period in which they are incurred.

Investment income earned on temporary investment of specific borrowings pending their expenditure on qualifying assets is recognized in the statement of profit and loss.

(vi) Cash and Cash Equivalent

In cash flow statement, Cash and cash equivalent includes the cash and cheques in hand, bank balances, demand deposits with bank and other short term, highly liquid investments with original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Bank overdraft is shown within borrowings in current liabilities in the balance sheet and forms part of financing activities in the cash flow statement. Book overdraft are shown within other financial liabilities in the balance sheet and forms part of operating activities in the cash flow statement.

(vii) Cash Flow Statement

Cash flows are reported using indirect method, whereby profit/ (loss) before tax is adjusted for the effect of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments and items of income or expenses associated with investing or financing cash flow. The cash flow from operating, investing and financing activities of the company is segregated based on the available information.

(viii) Earnings per Share

- i) Basic earnings per shares is arrived at based on net profit / (loss) after tax available to equity shareholders divided by Weighted average number of equity shares, adjusted for bonus elements in equity shares issued during the year (if any) and excluding treasury shares.
- ii) Diluted earnings per shares is calculated by dividing Profit attributable to equity holders after tax divided by Weighted average number of shares considered for basic earning per shares including potential dilutive equity shares.

(ix) Provisions, Contingent Liabilities and Contingent Assets

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation and there is reliable estimate of the amount of obligation.

A disclosure for contingent liabilities is made where there is a possible obligation arising from past events, the existence of which will be confirmed only on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arise from past events where it is not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

(x) Leases

As a Lessee

A lease is classified at the inception date as finance lease or an operating lease. Leases under which the company assumes substantially all the risks and rewards of ownership are classified as finance leases. When acquired,

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such assets are capitalized at fair value or present value of the minimum lease payments at the inception of lease, whichever is lower. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized in finance costs in the statement of profit and loss.

Other leases are treated as operating leases, with payments are recognized as expense in the statement of profit and loss on a straight line basis over the lease term.

(xi) Impairment of Non-Financial Assets

The Company assesses at each reporting date whether there is any objective evidence that a non-financial asset or a group of non-financial assets are impaired. If any such indication exists, the Company estimates the amount of impairment loss. For the purpose of assessing impairment, the smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or group of assets is considered as cash generating unit. If any such indication exists, an estimate of the recoverable amount of the individual asset/cash generating unit is made.

An impairment loss is calculated as the difference between an asset's carrying amount and recoverable amount. Losses are recognized in profit or loss and reflected in an allowance account. When the Company considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, then the previously recognized impairment loss is reversed through profit or loss.

(xii) Financial Instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets and 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 and loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability. The transaction costs directly attributable to the acquisition of financial assets and financial liabilities at fair value through profit and loss are immediately recognized in the statement of profit and loss.

Financial instruments also include derivative contracts such as foreign currency foreign exchange forward contracts, interest rate swaps and currency options; and embedded derivatives in the host contract.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts future cash receipts or payments through the expected life of the financial instrument, or where appropriate, a shorter period.

(A) Financial assets

Classification

The Company shall classify financial assets and subsequently measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss on the basis of its business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

Initial recognition and measurement

All financial assets are recognized initially at fair value plus transaction costs that are attributable to the acquisition of the financial asset, in the case of financial assets not recorded at fair value through profit or loss. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

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Measured at Amortized cost

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

- a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the statement of profit and loss. The losses arising from impairment are recognized in the statement of profit and loss. This category generally applies to trade and other receivables.

Measured at fair value through other comprehensive income (FVTOCI)

A financial asset is measured at FVTOCI if both of the following criteria are met:

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

Financial assets included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the Company recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the profit and loss. On de-recognition of the asset, cumulative gain or loss previously recognized in OCI is reclassified from the equity to profit and loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

Financial Asset at fair value through profit and loss (FVTPL)

FVTPL is a residual category for financial asset. Any financial asset, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

In addition, the Company may elect to classify a financial asset, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch').

Financial assets included within the FVTPL category are measured at fair value with all changes recognized in the profit and loss.

De-recognition

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

- i) The rights to receive cash flows from the asset have expired, or
- ii) The company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the company has transferred substantially all the risks and rewards of the asset, or (b) the company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.
- iii) When the company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the company continues to recognise the transferred asset to the extent of the company's continuing involvement. In that case, the company also recognises

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an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the company has retained.

- iv) Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the company could be required to repay.

Impairment of financial assets

In accordance with Ind-AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- a) Financial assets that are debt instruments, and are measured at amortized cost e.g., loans, debt securities, deposits, and bank balance.
- b) Trade receivables.

The Company follows 'simplified approach' for recognition of impairment loss allowance on:

- i) Trade receivables which do not contain a significant financing component.

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

- ii) For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

(B) Financial liabilities

Classification

The Company classifies all financial liabilities as subsequently measured at amortised cost, except for financial liabilities at fair value through profit or loss. Such liabilities, including derivatives that are liabilities, shall be subsequently measured at fair value.

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss or amortized costs.

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.

The company's financial liabilities include trade and other payables, loans and borrowings, financial guarantee contracts and derivative financial instruments.

Financial liabilities at fair value through profit or loss.

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the group that are not designated as hedging instruments in hedge relationships as defined by Ind-AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognized in the profit or loss.

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Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in Ind-AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ losses are not subsequently transferred to P&L. However, the company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognized in the statement of profit or loss.

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortisation process.

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

This category generally applies to interest-bearing loans and borrowings.

De recognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

Measurement of fair values

The Company's accounting policies and disclosures require the measurement of fair values, for financial instruments.

The Company has an established control framework with respect to the measurement of fair values. The management regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the management assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of Ind AS, including the level in the fair value hierarchy in which such valuations should be classified.

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.



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