

# Shah Gupta & Co.

## Chartered Accountants

### INDEPENDENT AUDITORS' REPORT

To the Members of Piombino Steel Limited

#### Report on the Audit of the Standalone Financial Statements

##### Opinion

We have audited the standalone financial statements of **Piombino Steel Limited** ("the Company"), which comprise the balance sheet as at March 31, 2023, and the statement of profit and loss, (including the statement of other comprehensive income), the cash flow statement and the statement of changes in equity for the year then ended, and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone 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 accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023, and its profit and other comprehensive income, its cash flow and the changes in equity for the year ended on that date.

##### Basis for Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing (SAs) specified under sub-section (10) of Section 143 of the Act. Our responsibilities under those SAs are further described in the 'Auditor's Responsibilities for the Audit of the Standalone 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 together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

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

The Company's Management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the standalone financial statements and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

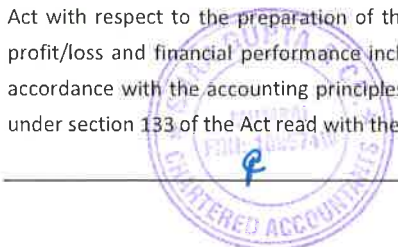
Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements, or our knowledge obtained in the 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.

##### Responsibilities of the Management and Board of directors for the Standalone Financial Statements

The Company's Management and Board of Directors are responsible for the matters stated in sub-section (5) of Section 134 of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the state of affairs, profit/loss and financial performance including other comprehensive income, change in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also



includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

#### **Auditor's Responsibilities for the Audit of the Standalone Financial Statements**

Our objectives are to obtain reasonable assurance about whether the Standalone 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 standalone financial statements.

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

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

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.

#### **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by sub-section (3) of Section 143 of the Act, we report that:
  - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - 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 the statement of other comprehensive income), the cash flow statement and statement of changes in equity dealt with by this Report are in agreement with the books of account.
  - d. In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended.
  - e. On the basis of the written representations received from the directors as on March 31, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2023 from being appointed as a director in terms of sub-section (2) of Section 164 of the Act.
  - f. With respect to the adequacy of the internal financial controls with reference to standalone financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B.
  - g. The Company has not paid / not provided for managerial remuneration in the books of accounts. Accordingly, provisions of Section 197 of the Act is not applicable to the Company.
  - 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 does not have any pending litigations which would impact its financial position in the standalone financial statements – Refer Note 29 of the standalone financial statements;
    - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and
    - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
    - iv. (a) The Management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other persons or entities, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall,



- directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or
  - provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.
- (b) The Management has represented that, to the best of its knowledge and belief, no funds (which are either material either individually or in aggregate) have been received by the Company from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall,
- directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the Funding Parties or
  - provide any guarantee, security or the like from or on behalf of the Ultimate Beneficiaries.
- (c) Based on the audit procedures that have been considered reasonable and appropriate on the circumstances, nothing has come to our notice that has caused us to believe that the representation under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.
- v. The Company has not declared and paid dividend during the year.
- vi. Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014, for maintaining books of account using accounting software which has a feature of recording audit trail (edit log) facility is applicable to the Company w.e.f. April 1, 2023, and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 is not applicable for the financial year ended March 31, 2023.

For SHAH GUPTA & CO.,  
Chartered Accountants  
Firm Registration No.: 109574W



**Parth P Patel**

Partner

M. No.172670

UDIN: 23172670BGXTNJ369

Place: Mumbai

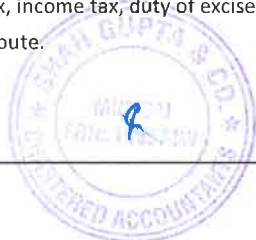
Date: May 10, 2023



**ANNEXURE A TO THE INDEPENDENT AUDITORS' REPORT**

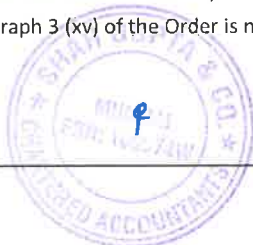
**(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of Piombino Steel Limited of even date)**

- (i) (a) (A) The Company does not have property, plant and equipment's and accordingly, reporting under paragraph 3 (i) (a) (A) of the Order is not applicable.  
(B) According to the information and explanations given to us and the records of the Company examined by us, the Company does not have any Intangible assets and accordingly, reporting under paragraph 3 (i) (a) (B) of the Order is not applicable.
- (b) The Company does not have property, plant and equipment's and accordingly, reporting under paragraph 3 (i) (b) of the Order is not applicable to the Company.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company does not hold any immovable property during the year. Accordingly, reporting under paragraph 3 (i) (c) of the Order is not applicable to the Company.
- (d) The Company has not revalued its Property, Plant and Equipment (including Right of Use assets) or intangible assets during the year.
- (e) Based on the information and explanations furnished to us, no proceedings have been initiated during the year or are pending against the Company for holding benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and Rules made thereunder.
- (ii) (a) The physical verification of inventory has been conducted at reasonable intervals by the Management during the year and, in our opinion, the coverage and procedure of such verification by Management is appropriate. The discrepancies noticed on physical verification of inventory by the Management, as compared to book records were not material and have been appropriately dealt with in the books of account. No discrepancies of 10% or more in aggregate for each class of inventory were noticed in respect of such physical verification.
- (b) During the year, the Company has not been sanctioned working capital limits in excess of Rs. 5 crores, in aggregate from banks and financial institutions and accordingly, the question of our commenting on whether the quarterly returns or statements are in agreement with the unaudited books of account of the Company does not arise.
- (iii) The Company has not made any investments, granted secured/ unsecured loans/advances in nature of loans, or stood guarantee, or provided security to any parties during the year. Accordingly, reporting under paragraph 3(iii), (iii)(a), (iii)(b), (iii)(c), (iii)(d), (iii)(e) and (iii)(f) of the Order are not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees and securities granted during the year in respect of which provisions of Section 185 and 186 of the Act are applicable to the Company. Accordingly, reporting under paragraph 3 (iv) of the Order is not applicable to the Company.
- (v) According to the information and explanations given to us, the Company has not accepted any deposits or amounts which are deemed to be deposits from the public within the meaning of Section 73 to Section 76 of the Act and the Rules framed there under to the extent notified.
- (vi) The Central Government has not prescribed the maintenance of cost records under sub section (1) of section 148 of the Act for any of the products by the Company. Accordingly, reporting under paragraph 3(vi) of the Order is not applicable to the Company.
- (vii) (a) According to the information and explanations given to us, and the records of the company examined by us, the Company is generally regular in depositing with the appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income tax, service tax, goods and service tax, cess and other material statutory dues applicable to it. According to the information and explanations given to us, there are no undisputed amounts payable in respect of income tax, service tax, goods and service tax, cess and other material statutory dues which were outstanding, at the year end, for a year of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, there are no dues of sales tax, wealth tax, service tax, goods and service tax, income tax, duty of excise, value added tax, and cess which have not been deposited on account of any dispute.





- viii) According to the information and explanations given to us and the records of the Company examined by us, there is no income surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961, that has not been recorded in the books of account.
- (ix) (a) According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of loans or other borrowings or in the payment of interest to any lender.
- (b) According to the information and explanations given to us and on the basis of our audit procedures, we report that the Company has not been declared Wilful Defaulter by any bank or financial institution or government or any government authority.
- (c) In our opinion and according to the information and explanations given to us, the money raised by way of the term loans have been applied by the Company during the year for the purpose for which it was raised.
- (d) According to the information and explanations given to us, and the procedures performed by us, and on an overall examination of the Standalone Financial Statements of the Company, the Company has not obtained any short-term loans during the year. Accordingly, reporting under paragraph 3 (ix) (d) is not applicable to the Company.
- (e) According to the information and explanations given to us and on an overall examination of the Financial Statements of the Company, we report that the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures.
- (f) According to the information and explanations given to us and procedures performed by us, we report that the Company has not raised loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies.
- (x) (a) The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) during the year. Accordingly, the reporting under clause 3 (x) (a) of the Order is not applicable to the Company.
- (b) According to the information and explanations given to us and 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. Accordingly, reporting under paragraph 3 (x) (b) of the Order is not applicable to the Company.
- (xi) (a) During the course of our examination of the books 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 by the Company or on the Company, noticed or reported during the year, nor have we been informed of any such case by the Management.
- (b) During the course of our examination of the books 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, a report under sub-clause (12) of Section 143 of the Act, in Form ADT-4, was not required to be filed. Accordingly, reporting under clause 3 (xi) (b) of the Order is not applicable to the Company.
- (c) During the course of our examination of the books 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, and as represented to us by the management, no whistle-blower complaints have been received during the year by the Company. Accordingly, reporting under clause 3(xi)(c) of the Order is not applicable to the Company.
- (xii) As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the reporting under clause 3(xii) of the Order is not applicable to the Company.
- (xiii) According to the information and explanations given by the management and audit procedures performed by us, transactions with the related parties are in compliance with section 177 and 188 of the Act where applicable and the details have been disclosed in the notes to the standalone financial statements, as required by the applicable accounting standards.
- (xiv) (a) The internal audit of the Company is covered under the group internal audit pursuant to which an internal audit is carried out every year. In our opinion, the Company's internal audit system is commensurate with the size and nature of its business.
- (b) The reports of the Internal Auditor for the year under audit have been considered by us.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with Directors or persons connected with him. Accordingly, reporting under paragraph 3 (xv) of the Order is not applicable to the Company.



- (xvi) (a) The Company's financial assets are more than 50 per cent of its total assets (netted off by intangible assets) and income from financial assets is more than 50 per cent of the gross income. Accordingly, the tests for determining 'Principal Business' mentioned in Reserve Bank of India, non-banking financial company (NBFC) regulations are met. As informed to us, the Company is in the process of obtaining experts advice for complying with the registration under Section 45-IA of the Reserve Bank of India Act, 1934.
- (b) The Company has not conducted non-banking financial / housing finance activities without a valid Certificate of Registration (CoR) from the Reserve Bank of India as per the Reserve Bank of India Act, 1934. Accordingly, the reporting under clause 3 (xvi) (b) of the Order is not applicable to the Company.
- (c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, reporting under clause 3 (xvi) (c) of the Order is not applicable to the Company.
- (d) We have been informed by the management that as per the definition of Group under Core Investment Companies (Reserve Bank) Directions 2016, there is one Core Investment Company (CIC) which is registered and three CICs which are not required to be registered with the Reserve Bank of India, forming part of the promoter group.
- (xvii) The Company has not incurred any cash losses in the financial year and in the immediately preceding financial year.
- (xviii) There has been no resignation of the statutory auditors during the year and accordingly, reporting under clause (xviii) is not applicable to the Company.
- (xix) According to the information and explanations given to us and on the basis of the financial ratios (Also refer Note 1B (II) and Note 33 to the Standalone Financial Statements), ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the Standalone Financial Statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a year 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 year of one year from the balance sheet date will get discharged by the Company as and when they fall due.
- (xx) (a) There are no unspent amounts towards Corporate Social Responsibility (CSR) on other than ongoing projects requiring a transfer to a Fund specified in Schedule VII to the Companies Act in compliance with second proviso to sub-section (5) of Section 135 of the said Act. Accordingly, reporting under clause 3(xx)(a) of Order is not applicable for the year.
- (b) There are no unspent amounts towards Corporate Social Responsibility (CSR) on ongoing projects requiring a transfer to a Fund specified in Schedule VII to the Companies Act in compliance with second proviso to sub-section (6) of Section 135 of the said Act. Accordingly, reporting under clause 3(xx)(b) of Order is not applicable for the year.
- (xxi) The reporting under clause 3(xxi) of the Order is not applicable in respect of audit of Standalone Financial Statements. Accordingly, no comment in respect of the said clause has been included in this report.

For **SHAH GUPTA & CO.,**

Chartered Accountants

Firm Registration No.: 109574W

**Parth P Patel**

Partner

M. No.172670

UDIN: 23172670BGXTNJ369

Place: Mumbai

Date: May 10, 2023



## ANNEXURE B TO THE INDEPENDENT AUDITORS' REPORT

### Report on the internal financial controls with reference to the aforesaid standalone financial statements under Clause (i) of sub-section (3) of Section 143 of the Act

We have audited the internal financial controls over financial reporting of **Piombino Steel Limited** ("the Company") as of March 31, 2023 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

#### Management's Responsibility for Internal Financial Controls

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

#### Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting with reference to these standalone financial statements of the Company based on our audit. We conducted our audit in accordance with the Guidance Note issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under sub-section (10) of Section 143 of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting with reference to these standalone financial statements 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 with reference to these standalone financial statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting with reference to these standalone financial statements, 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 standalone 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 with reference to these standalone financial statements.

#### Meaning of Internal Financial Controls Over Financial Reporting with reference to these Standalone financial statements

A Company's internal financial control over financial reporting with reference to these standalone financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting with reference to these standalone financial statements 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 the standalone financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the standalone financial statements.





#### **Inherent Limitations of Internal Financial Controls Over Financial Reporting with reference to these Standalone financial statements**

Because of the inherent limitations of internal financial controls over financial reporting with reference to these standalone financial statements, 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 with reference to these standalone financial statements to future year 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 with reference to these standalone financial statements and such internal financial controls were operating effectively as at March 31, 2023, based on the internal financial controls with reference to these standalone 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.

For **SHAH GUPTA & CO.,**  
Chartered Accountants  
Firm Registration No.: 109574W



**Parth P Patel**

Partner

M. No.172670

UDIN: 23172670BGXTNJ369

Place: Mumbai

Date: May 10, 2023



**PIOMBINO STEEL LIMITED**  
Standalone Balance Sheet as at March 31, 2023  
CIN No. - U27320MH2018PLC374653

Particulars	Note No.	Rs. In crores	
		As at March 31, 2023	As at March 31, 2022
<b>I ASSETS</b>			
<b>(1) Non-current assets</b>			
(a) Investment in a subsidiary	2	8,550.00	8,550.00
(b) Financial assets			
(i) Other financial assets	3	-	0.27
(c) Deferred tax assets (net)	24	0.04	-
(d) Current tax assets (net)	4	23.84	26.83
<b>Total non-current assets</b>		<b>8,573.88</b>	<b>8,577.10</b>
<b>(2) Current assets</b>			
(a) Inventories	5	4.18	-
(b) Financial assets			
(i) Trade receivables	6	36.91	445.36
(ii) Cash and cash equivalents	7	0.03	4.23
(iii) Other financial assets	8	951.37	464.13
(c) Other current assets	9	24.93	15.02
<b>Total current assets</b>		<b>1,017.42</b>	<b>928.74</b>
<b>Total Assets</b>		<b>9,591.30</b>	<b>9,505.84</b>
<b>II EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
(a) Equity share capital	10	6,092.92	6,092.92
(b) Other equity	11	261.05	93.00
<b>Total Equity</b>		<b>6,353.96</b>	<b>6,185.92</b>
<b>Liabilities</b>			
<b>(1) Non-current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	12	112.27	2,525.22
(ii) Other financial liabilities	13	6.09	230.63
<b>Total non-current liabilities</b>		<b>118.36</b>	<b>2,755.85</b>
<b>(2) Current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	14	2,481.36	-
(ii) Trade payables			
(a) Total outstanding due of micro and small enterprises	15	-	-
(b) Total outstanding due of creditors other than micro and small enterprises		45.10	447.17
(iii) Other financial liabilities	16	592.51	116.46
(b) Other current liabilities	17	-	0.44
<b>Total current liabilities</b>		<b>3,118.97</b>	<b>564.07</b>
<b>Total Liabilities</b>		<b>3,237.33</b>	<b>3,319.92</b>
<b>Total Equity and Liabilities</b>		<b>9,591.30</b>	<b>9,505.84</b>

See accompanying notes to the standalone financial statements

As per our attached report of even date  
For Shah Gupta & Co.  
Chartered Accountants  
Firm Registration No.: 109574W

*Parth P Patel*  
Parth P Patel  
Partner  
Membership No.: 172670  
UDIN: 23172670BGXTNJ7369  
Place: Mumbai  
Date: 10 May, 2023



*Kaustubh Kulkarni*  
Kaustubh Kulkarni  
Chief Executive Officer



For and on behalf of the Board of Directors

*Divyakumar Bhair*  
Divyakumar Bhair  
Director  
DIN: 08568679

*Anil Kumar Singh*  
Anil Kumar Singh  
Director  
DIN: 02059903

*Alok Kumar Mishra*  
Alok Kumar Mishra  
Company Secretary  
M. No. A15967

*Mohit Goyal*  
Mohit Goyal  
Chief Financial Officer

**PIOMBINO STEEL LIMITED**  
**Standalone Statement of Profit and Loss for the year ended March 31, 2023**  
**CIN No. - U27320MH2018PLC374653**

Particulars	Note No.	Rs. In crores	
		For the year ended March 31, 2023	For the year ended March 31, 2022
I. Revenue from operations	18	45.46	560.36
II. Other Income	19	537.94	507.00
III. Total Income (I+II)		<u>583.40</u>	<u>1,067.36</u>
IV. Expenses			
Purchase of stock-in-trade	20	49.89	559.55
Finance costs	21	311.98	434.98
Change in Inventory of Stock-in trade		(4.18)	-
Other expenses	22	1.02	1.97
Total expenses		<u>358.71</u>	<u>996.50</u>
V. Profit before tax (III-IV)		<u>224.69</u>	<u>70.86</u>
VI. Tax expense/(credit)	24		
Current tax		56.69	26.39
Deferred tax		(0.04)	(40.90)
		<u>56.65</u>	<u>(14.52)</u>
VII. Profit for the year (V-VI)		<u>168.04</u>	<u>85.38</u>
VIII. Other comprehensive income/ (loss)		-	-
IX. Total comprehensive income for the year (VII+VIII)		<u>168.04</u>	<u>85.38</u>
X. Earnings per equity share of Rs. 10 each			
Basic	23	0.28	0.21
Diluted		0.28	0.08

See accompanying notes to the standalone financial statements

As per our attached report of even date  
For Shah Gupta & Co.  
Chartered Accountants  
Firm Registration No.: 109574W

Parth P Patel  
Partner  
Membership No.: 172670  
UDIN: 23172670BGXTNJ7369  
Place: Mumbai  
Date: 10 May, 2023



For and on behalf of the Board of Directors

Kaustubh Kulkarni  
Chief Executive Officer

Divyakumar Bhat  
Director  
DIN: 08568679

Anil Kumar Singh  
Director  
DIN: 02059903

Alok Kumar Mishra  
Company Secretary  
M. No. A15967

Mohit Goyal  
Chief Financial Officer



**PIOMBINO STEEL LIMITED**  
**Standalone Statement of Cash Flows for the year ended March 31, 2023**  
**CIN No. - U27320MH2018PLC374653**

Particulars	Rs. In crores	
	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>A. Cash flow from operating activities</b>		
Profit before tax	224.69	70.86
Adjustments for :		
Finance costs	311.98	434.98
Interest Income	(537.94)	(507.00)
Loss from operating activities	(1.27)	(1.16)
<b>Changes in working capital</b>		
Adjustments for:		
Decrease/(Increase) in trade receivables	408.12	(435.18)
(Decrease) in other assets	36.58	13.80
(Decrease)/Increase in trade payables and other liabilities	(402.52)	393.90
Cash generated/(used) in operations	40.91	(28.64)
Direct taxes paid	(53.70)	(1.25)
<b>Net cash used in operating activities (A)</b>	<b>(12.78)</b>	<b>(29.90)</b>
<b>B. Cash flow from investing activities</b>		
Investment in equity shares	-	(0.31)
<b>Net cash used in investing activities (B)</b>	<b>-</b>	<b>(0.31)</b>
<b>C. Cash flow from financing activities</b>		
Proceeds from non-current borrowings	56.27	56.00
Finance costs paid	-	(37.50)
Annual fees paid	(47.69)	(43.75)
<b>Net cash generated/(used in) financing activity (C)</b>	<b>8.58</b>	<b>(25.25)</b>
<b>Net decrease in cash and cash equivalents (A+B+C)</b>	<b>(4.20)</b>	<b>(55.45)</b>
Cash and cash equivalents at the beginning of the year	4.23	59.66
Cash and cash equivalents received on acquisition (refer note 30)	-	0.03
Cash and cash equivalents at the end of the year	<b>0.03</b>	<b>4.23</b>

Note:

I. The statement of cash flows is prepared using the "Indirect method" set out in Ind AS 7 "Statement of Cash Flows".

II. Reconciliations part of cash flows

Particulars	Borrowings	Equity	Total
Balance as on March 31, 2022	2,525.22	6,092.92	8,618.14
Unamortised upfront fees	12.14	-	12.14
Loan from a related party	56.27	-	56.27
Balance as on March 31, 2023	2,593.63	6,092.92	8,686.55

See accompanying notes to the standalone financial statements

As per our attached report of even date  
For Shah Gupta & Co.  
Chartered Accountants  
Firm Registration No.: 109574W

*Parth P Patel*  
Parth P Patel  
Partner  
Membership No.: 172670  
UDIN: 231726708GXTN7369  
Place: Mumbai  
Date: 10 May, 2023



*Kaustubh Kulkarni*  
Kaustubh Kulkarni  
Chief Executive Officer

For and on behalf of the Board of Directors

*Divyakumar Bhair*  
Divyakumar Bhair  
Director  
DIN: 08568679

*Anil Kumar Singh*  
Anil Kumar Singh  
Director  
DIN: 02059903

*Alok Kumar Mishra*  
Alok Kumar Mishra  
Company Secretary  
M. No. A15967

*Mohit Goyal*  
Mohit Goyal  
Chief Financial Officer



**POMBINO STEEL LIMITED**  
**Standalone Statement of changes in equity for the year ended March 31, 2023**  
**CIN No. - U27320MH2018PLC374653**

(a) Equity share capital		Rs. in crores				
Particulars						
As at March 31, 2021						1,667.29
Shares issued during the year						2,797.55
Reclassification of equity component within equity						1,628.08
As at March 31, 2022						6,092.92
Shares issued during the year						
Reclassification of equity component within equity						
As at March 31, 2023						6,092.92
(b) Other equity		Rs. in crores				
Particulars						
Nature	Equity component of financial Instruments	Retained earnings	Reserves & Surplus Debt Redemption Reserve	Capital Reserve on account of business combination	Money received against share warrants	Total
Opening balance as at April 1, 2021	1,322.91	(6.94)	-	-	-	1,315.97
Profit for the year	-	85.38	-	-	-	85.38
Arising on account for business combination (refer note 30)	-	-	-	-	-	-
Reversal of deferred tax liability on conversion of OFCDs	-	-	-	0.47	-	0.47
Reclassification of equity component within equity	305.17	-	-	-	-	305.17
Closing balance as at March 31, 2022	(1,628.08)	-	-	-	14.00	(1,614.08)
Profit for the period	-	78.54	-	0.47	14.00	93.01
Transfer to debt redemption reserve	-	168.04	-	-	-	168.04
Closing balance as at March 31, 2023	-	(246.58)	246.58	-	14.00	261.05

See accompanying notes to the standalone financial statements

As per our attached report of even date  
For Shah Gupta & Co.  
Chartered Accountants  
Firm Registration No.: 109574W

Partner  
Membership No.: 172670  
UOIN: 23172670GXTNU7369  
Place: Mumbai  
Date: 10 May, 2023

For and on behalf of the Board of Directors

Kaustubh Kulkarni  
Chief Executive Officer

Divyankumar Bhair  
Director  
DIN: 08568679

Anil Kumar Singh  
Director  
DIN: 02059903

Alok Kumar Mishra  
Company Secretary  
M. No. A15967

Mohit Goyal  
Chief Financial Officer





## General Information

Piombino Steel Limited ("the Company") is incorporated in India on September 21, 2018 under the Companies Act, 2013 with its registered office located at 6th Floor, Grande Palladium, 175, CST Road, Kolivery Village, MMRDA Area, Kalina, Santacruz East, Mumbai 400098.

The Company is engaged in the business of buying, selling and otherwise trading or dealing in steel and its allied products, iron ore, coal, coke, brick-earth, ores, minerals and mineral substance, alloys and metal scrap of all kinds.

**1A. Recent accounting pronouncements:** Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 31, 2023, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2023, as below:

(a) Ind AS 1 - Presentation of Financial Statements - This amendment requires the entities to disclose their material accounting policies rather than their significant accounting policies. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2023. The Company has evaluated the amendment and the impact of the amendment is insignificant in the standalone financial statements.

(b) Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors - This amendment has introduced a definition of 'accounting estimates' and included amendments to Ind AS 8 to help entities distinguish changes in accounting policies from changes in accounting estimates. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2023. The Company has evaluated the amendment and there is no impact on its standalone financial statements.

(c) Ind AS 12 - Income Taxes - This amendment has narrowed the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2023. The Company has evaluated the amendment and there is no impact on its standalone financial statement.

## 1B. Significant accounting policies

### 1. Statement of compliance:

The Standalone Financial Statements of the Company which comprise the Balance Sheet as at March 31, 2023, the Statement of Profit and Loss, the Statement of Cash Flows and the Statement of Changes in Equity for the year ended March 31, 2023, and a summary of the significant accounting policies and other explanatory information (together hereinafter referred to as "Standalone Financial Statements") have been prepared in accordance with Indian Accounting Standards notified under Section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015, as amended from time to time, the provisions of the Companies Act, 2013 ("the Act") to the extent notified, guidelines issued by the Securities and Exchange Board of India (SEBI) and other accounting principles generally accepted in India.

The Standalone Financial Statements have been approved by the Board of Directors in its meeting held on May 10, 2023.



## II. Basis of preparation and presentation:

The Standalone Financial Statements have been prepared on the historical cost basis except for certain financial instruments measured at fair values at the end of each reporting period as explained in the accounting policies below, which are consistently followed except where a new accounting standard or amendment to the existing accounting standards requires a change in the policy hitherto applied. Presentation requirements of Division II of Schedule III to the Companies Act, 2013, "as amended", as applicable to the Standalone Financial Statements have been followed.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes in account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurements in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The Standalone Financial Statements are presented in Indian Rupees ('INR') in crore rounded off to two decimal places as permitted by Schedule III to the Companies Act, 2013 except when otherwise stated.

### Current and non-current classification

The Company presents assets and liabilities in the balance sheet based on current / non-current classification.

An asset is classified as current when it satisfies any of the following criteria:

- it is expected to be realized in, or is intended for sale or consumption in, the Company's normal operating cycle. it is held primarily for the purpose of being traded;
- it is expected to be realized within 12 months after the reporting date; or
- it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

All other assets are classified as non-current.

A liability is classified as current when it satisfies any of the following criteria:

- it is expected to be settled in the Company's normal operating cycle;
- it is held primarily for the purpose of being traded;
- it is due to be settled within 12 months after the reporting date; or the Company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

All other liabilities are classified as non-current.



The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents

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

Further, the directors of the Company have given consideration to the liquidity of the Company having regard to its current liabilities exceeding current assets by Rs. 2,101.55 Crores as at March 31, 2023 mainly on account of redemption of non-convertible debentures alongwith the premium accrued thereon. The Company plans to meet the said deficit for the forthcoming year by receiving the financing from the Parent Company. Having regard to the above, the financial statements have been prepared on a going concern basis.

### **III. Revenue recognition**

#### **Sale of Goods**

The Company recognizes revenue when control over the promised goods or services is transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

Revenue is adjusted for variable consideration such as discounts, rebates, refunds, credits, price concessions, incentives, or other similar items in a contract when they are highly probable to be provided. The amount of revenue excludes any amount collected on behalf of third parties.

The Company recognises revenue generally at the point in time when the products are delivered to customer or when it is delivered to a carrier for export sale, which is when the control over product is transferred to the customer. In contracts where freight is arranged by the Company and recovered from the customers, the same is treated as a separate performance obligation and revenue is recognized when such freight services are rendered.

#### **Interest income**

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

### **IV. Borrowing costs**

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 their intended use or sale.

All other borrowing costs are recognised in the Statement of Profit and Loss in the year in which they are incurred.

### **V. Taxes:**

Income tax expense represents the sum of the tax currently payable and deferred tax.



Current tax

Current tax is the amount of expected tax payable based on the taxable profit for the year as determined in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Standalone Financial Statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised 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 recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

The carrying amount of deferred tax assets is reviewed at the end of each reporting year 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. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year 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 year.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they are relating to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the relevant entity intends to settle its current tax assets and liabilities on a net basis.

**VI. Inventories**

Inventories are stated at the lower of cost and net realisable value.

Cost of raw materials include cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost of finished goods and work in progress include cost of direct materials and labor and a proportion of manufacturing overheads based on the normal operating capacity but excluding borrowing costs. Cost of traded goods include purchase cost and inward freight.





Costs of inventories are determined on weighted average basis. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

**VII. Provisions**

Provisions are recognised when the Company has a present obligation (legal or constructive), as a result of past events, and it is probable that an outflow of resources, that can be reliably estimated, will be required to settle such an obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

**VIII. Investment in subsidiary:**

Investment in subsidiary is shown at cost in accordance with option available in Ind AS 27, 'Separate Financial Statements'. Where the carrying amount of an investment is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount and the difference is transferred to the Statement of Profit and Loss. On disposal of investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Profit and Loss.

**IX. Financial instruments:**

Financial assets and financial liabilities are recognised when an entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through Statement of Profit and Loss (FVTPL)) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit and loss are recognised immediately in Standalone Statement of Profit and Loss.

**Financial assets****a) Recognition and initial measurement**

A financial asset is initially recognised at fair value and for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. Purchases and sales of financial assets are recognised on the trade date, which is the date on which the Company becomes a party to the contractual provisions of the instrument.





## b) Classification of financial assets

Financial assets are classified, at initial recognition and subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit and loss. A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated at FVTPL:

- The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt instrument is classified as FVTOCI only if it meets both of the following conditions and is not recognised at FVTPL;

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

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS 103 applies are classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognised in the Statement of Profit and Loss.

All other financial assets are classified as measured at FVTPL.

In addition, on initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVTOCI as at FVTPL if doing so eliminates or significantly reduces and accounting mismatch that would otherwise arise.

Financial assets at FVTPL are measured at fair value at the end of each reporting year, with any gains and losses arising on remeasurement recognized in statement of profit and loss. The net gain or loss recognized in statement of profit and loss incorporates any dividend or interest earned on the financial asset and is included in the 'other income' line item. Dividend on financial assets at FVTPL is recognized when:

- The Company's right to receive the dividends is established;
- It is probable that the economic benefits associated with the dividends will flow to the entity,
- The dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.

## c) Derecognition of financial assets

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



**d) Effective interest method**

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant year. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter year, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL. Interest income is recognized in statement of profit and loss and is included in the 'Other income' line item.

**Financial liabilities and equity instruments**

**a) Classification as debt or equity**

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

**b) Equity instruments**

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

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in Statement of Profit and Loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

**c) Financial liabilities**

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'. at FVTPL

**Financial liabilities at FVTPL:**

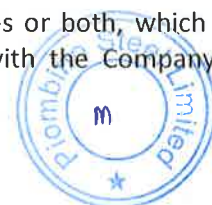
Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- It has been incurred principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise;
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company's



documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

- it forms part of a contract containing one or more embedded derivatives, and Ind AS 109 permits the entire combined contract to be designated as at FVTPL in accordance with Ind AS 109.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in Statement of Profit and Loss. The net gain or loss recognised in Statement of Profit and Loss incorporates any interest paid on the financial liability and is included in the Statement of Profit and Loss. For Liabilities designated as FVTPL, fair value gains/losses attributable to changes in own credit risk are recognized in OCI.

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the Statement of Profit and Loss.

#### **d) Derecognition of financial liabilities**

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the Statement of Profit and Loss.

### **X. Segment reporting:**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Board of directors of the Company has been identified as the Chief Operating Decision Maker which reviews and assesses the financial performance and makes the strategic decisions.

### **XI. Cash and cash equivalents:**

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

For the purpose of the Statement of cash flows, cash and cash equivalent consists of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

### **XII. Earnings per share:**

Basic earnings per share is computed by dividing the profit / (loss) after tax by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the year is adjusted for treasury shares, bonus issue, bonus element in a rights issue to existing shareholders, share split and reverse share split (consolidation of shares).



Diluted earnings per share is computed by dividing the profit / (loss) after tax as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares including the treasury shares held by the Company to satisfy the exercise of the share options by the employees.

**XIII. Business Combination**

Business combinations involving entities or businesses under common control shall be accounted for using the pooling of interest method.

**1C. Key sources of estimation uncertainty and critical accounting judgements:**

In the course of applying the policies outlined in all notes under section 1 above, the Company is required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimate is revised if the revision affects only that year, or in the year of the revision and future year, if the revision affects current and future year.

**Key sources of estimation uncertainty:**

Impairment of investments in subsidiary

Determining whether the investments in subsidiaries are impaired requires an estimate in the value in use of investments. In considering the value in use, the Directors have anticipated the discount rates and other factors of the underlying businesses / operations of the investee companies. Any subsequent changes to the cash flows due to changes in the above mentioned factors could impact the carrying value of investments.

Taxes

Deferred tax assets are recognized for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.





## 2. Investment in Subsidiaries

Particulars	As at March 31, 2023		As at March 31, 2022	
	No. of shares	Amount	No. of shares	Amount
<b>Unquoted</b>				
<b>Investment at cost</b>				
(a) Investment in equity instruments				
<b>Subsidiary</b>				
Bhushan Power & Steel Limited (Face value of Rs. 10 each)	100,000,000	100.00	100,000,000	100.00
(b) Investment in compulsory convertible debentures (CCDs)				
<b>Subsidiary</b>				
Bhushan Power & Steel Limited (Face value of Rs. 10 each)	8,450,000,000	8,450.00	8,450,000,000	8,450.00
<b>Total Investment</b>	<b>8,550,000,000</b>	<b>8,550.00</b>	<b>8,550,000,000</b>	<b>8,550.00</b>
Less: Aggregate amount of provision for impairment in value of investments		-		-
<b>Total</b>		<b>8,550.00</b>		<b>8,550.00</b>
<b>Aggregate carrying value</b>		<b>8,550.00</b>		<b>8,550.00</b>

### Notes

- a) The CCDs shall have a term of 5 (five) years commencing from the date on which the CCDs are issued and allotted i.e. March 25, 2021. The CCDs holders are entitled to receive a coupon on an annual basis at the rate of 6% per annum from the date of issue and allotment of CCDs. The CCDs coupon shall be payable on end of quarter from commencement of each subsequent quarter in which the interest became due. Each CCD is convertible at any time during the CCD term into one equity shares of face value of Rs. 10. The holder of CCDs subject to their discretion shall have the right to direct the company to convert any or all the CCDs at any time during the CCD term.
- b) The Company's investments in CCD's of Bhushan Power & Steel Limited amounting to Rs.8,450 crores were classified as fair value through profit and loss in the earlier years. In terms of para 2.1(a) of Ind AS 109, investment as 'interest in subsidiaries' are scoped out from measurement principles of Ind AS 109. Accordingly, this investment basis Ind AS 109 and the terms should be treated as part of 'interests in subsidiaries' and carried at cost less impairment other than Ind AS 109. During the year, based on technical note from expert obtained by the Company, it has reclassified the said investments from Investment in Subsidiary at FVTPL to Investment in Subsidiary at Cost.

## 3. Other non-current financial assets

Particulars	Rs. in crores	
	As at	As at
	March 31, 2023	March 31, 2022
Security deposit	-	0.27
	-	0.27

## 4. Current tax assets (Net)

Particulars	Rs. in crores	
	As at	As at
	March 31, 2023	March 31, 2022
Tax Deducted at Source (net of provision for tax amounting to Rs. 23.49 crores, [31 March 2022- Rs. 26.39 crores])	23.84	26.83
	<b>23.84</b>	<b>26.83</b>

## 5. Inventories

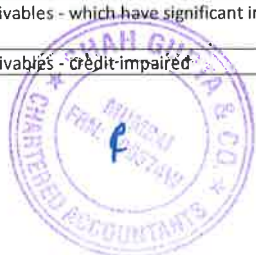
Particulars	Rs. in crores	
	As at	As at
	March 31, 2023	March 31, 2022
Stock-in-trade*	4.18	-
	<b>4.18</b>	<b>-</b>

\* Pertains to stock-in-transit of Rs 4.18 crores (31 March 2022 : NIL)

## 6. Trade receivables

Particulars	Rs. in crores	
	As at	As at
	March 31, 2023	March 31, 2022
Trade Receivables considered good - Secured	-	-
Trade receivables considered good - Unsecured	36.91	445.36
Trade Receivables which have significant increase in credit risk	-	-
Trade Receivables - credit impaired	-	-
	<b>36.91</b>	<b>445.36</b>

Particulars	Outstanding for following periods from due date of payment as at March 31 2023					
	Not yet due	Less than 6 months	6 months -1 year	1-2 years	2-3 years	Total
Undisputed trade receivables - considered good	36.91	-	-	-	-	36.91
Undisputed trade receivables - which have significant increase in credit risk	-	-	-	-	-	-
Undisputed trade receivables - credit impaired	-	-	-	-	-	-
Disputed trade receivables - considered good	-	-	-	-	-	-
Disputed trade receivables - which have significant increase in credit risk	-	-	-	-	-	-
Disputed trade receivables - credit impaired	-	-	-	-	-	-





**PIOMBINO STEEL LIMITED**

Notes forming part of the standalone financial statements

Particulars	Outstanding for following periods from due date of payment as at 31 March 2022					
	Not yet due	Less than 6 months	6 months -1 year	1-2 years	2-3 years	Total
Undisputed trade receivables - considered good	-	445.36	-	-	-	445.36
Undisputed trade receivables - which have significant increase in credit risk	-	-	-	-	-	-
Undisputed trade receivables - credit impaired	-	-	-	-	-	-
Disputed trade receivables - considered good	-	-	-	-	-	-
Disputed trade receivables - credit risk	-	-	-	-	-	-
Disputed trade receivables - credit impaired	-	-	-	-	-	-

The credit period on sales of goods ranges from 7 to 90 days with or without security. Trade receivables does not include any receivables from directors and officers of the Company. Details of trade receivables from related parties has been described in note 25.

**7. Cash and cash equivalents**

Particulars	Rs. in crores	
	As at March 31, 2023	As at March 31, 2022
Balances with bank in current accounts	0.03	4.23
	<b>0.03</b>	<b>4.23</b>

**8. Other current financial assets (unsecured)**

Particulars	Rs. in crores	
	As at March 31, 2023	As at March 31, 2022
Interest receivable on CCDs	951.09	463.87
Other financial assets	0.01	0.26
Security deposit	0.27	-
Less: Allowance for doubtful receivables	-	-
	<b>951.37</b>	<b>464.13</b>

**9. Other current assets**

Particulars	Rs. in crores	
	As at March 31, 2023	As at March 31, 2022
Balance with government authorities	24.93	15.00
Others	-	0.02
Less: Allowance for doubtful receivables	-	-
	<b>24.93</b>	<b>15.02</b>

**10. Equity share capital**

Particulars	Rs. in crores			
	As at March 31, 2023		As at March 31, 2022	
	No. of shares	Amount	No. of shares	Amount
(a) Authorised: Equity shares of Rs. 10 each	12,000,000,000	12,000.00	12,000,000,000	12,000.00
(b) Issued and subscribed				
Outstanding at the beginning of the year, fully paid up	2,000,000,000	1,667.29	2,000,000,000	1,667.29
Add: Shares issued pursuant to conversion of optionally fully convertible debentures (OFCDs)	4,100,000,000	2,797.55	4,100,000,000	2,797.55
Add: Reclassification of equity component within equity	-	1,628.08	-	1,628.08
Outstanding at the end of the year, fully paid up	<b>6,100,000,000</b>	<b>6,092.92</b>	<b>6,100,000,000</b>	<b>6,092.92</b>

**(c) Rights, preferences and restrictions attached to equity shares**

The Company has single class of equity shares. Each holder of equity shares is entitled for one vote per share held. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amount, in proportion to their shareholding.

**(d) Details of shareholders holding more than 5% shares in the Company are set out below:**

Particulars	As at March 31, 2023		As at March 31, 2022	
	No. of Shares	% of Shares	No. of Shares	% of Shares
JSW Steel Limited (JSW Steel) (including nominees)	5,080,000,000	83.28%	5,080,000,000	83.28%
JSW Shipping & Logistics Private Limited	1,020,000,000	16.72%	1,020,000,000	16.72%

**(e) Change in Promoter's shareholding as on March 31, 2023:**

Promoter Name	As at March 31, 2023		As at March 31, 2022		% change during the year
	No. of shares	% of total shares	No. of shares	% of total shares	
JSW Steel Limited, the Holding Company	5,080,000,000	83.28%	5,080,000,000	83.28%	0.00%
JSW Shipping & Logistics Private Limited	1,020,000,000	16.72%	1,020,000,000	16.72%	0.00%



**PIOMBINO STEEL LIMITED**
**Notes forming part of the standalone financial statements**
**11. Other equity**

Particulars	Rs. in crores	
	As at March 31, 2023	As at March 31, 2022
Surplus/ (deficit) in retained earnings	-	78.54
Capital reserve	0.47	0.47
Money received against share warrants	14.00	14.00
Debenture redemption reserve	246.58	-
	<b>261.05</b>	<b>93.00</b>

**(a) Retained earnings**

Retained earnings are the profits/(losses) that the Company has earned till date. It is a free reserve available to the Company.

**(b) Capital reserve**

Reserve is created primarily on merger (refer note 30) as per statutory requirement. This reserve is utilised in accordance with the specific provision of the Companies Act, 2013.

**(c) Money received against share warrants**

The Company has issued 3,500,000,000 share warrants each to JSW Steel and JSW Shipping respectively with a subscription price of Rs. 0.02 per warrant. The exercise period is five years from the days of issue of the warrants and the warrant holders at their discretion shall be entitled to purchase one equity share of the face value of Rs. 10 each at an exercise price of Rs 10.

**(d) Debenture redemption reserve**

The Indian Companies Act requires Companies that issue debentures to create a debenture redemption reserve from annual profits until such debentures are redeemed. Companies are required to maintain 10% as a reserve of outstanding redeemable debentures. Debenture redemption has been created to the extent of available reserve in the Company.

**12. Borrowings**

Particulars	Rs. in crores	
	As at March 31, 2023	As at March 31, 2022
<b>Non-current borrowings (Unsecured)</b>		
<b>(i) Debentures</b>		
Borrowings through Non convertible bonds (NCBs)	2,500.00	2,500.00
Less: Unamortised upfront fees on borrowings	(18.64)	(30.78)
	<b>2,481.36</b>	<b>2,469.22</b>
Less: Current maturities of long term debt from a related party classified as short term borrowings	(2,481.36)	-
	<b>-</b>	<b>2,469.22</b>
<b>(ii) Term loans</b>		
From related party	112.27	56.00
	<b>112.27</b>	<b>2,525.22</b>

**(a) Borrowings through NCBs**

Particulars	As at March 31, 2023	As at March 31, 2022	Term of repayment
Non-Convertibles Bonds (NCBs)	2,500	2,500	Unsecured NCBs of Rs. 10,00,000 each aggregating to Rs. 2,500 crores and are redeemable on March 22, 2024 at a premium of 9% to be compounded annually and payable at redemption.

**(b) Loan from JSW Steel Limited**

The Company has borrowed from JSW Steel amounting to Rs. 40,000,000 bearing an interest rate of 10.75% and is repayable on March 31, 2024 however as per management intention to extend the maturity by another two years, the same has been classified as non-current only. The principal and accrued interest thereon shall be unsecured obligations of the Company, and rank pari passu with any other unsecured and unsubordinated creditors of the Company.

The Company has borrowed from JSW Steel amounting to Rs. 520,000,000 bearing an interest rate of 11.25% and is repayable on March 31, 2024 however as per management intention to extend the maturity by another two years, the same has been classified as non-current only. The principal and accrued interest thereon shall be unsecured obligations of the Company, and rank pari passu with any other unsecured and unsubordinated creditors of the Company.

The Company has borrowed from JSW Steel amounting to Rs. 562,712,500 bearing an interest rate of 11.25% and is repayable on March 31, 2024 however as per management intention to extend the maturity by another two years, the same has been classified as non-current only. The principal and accrued interest thereon shall be unsecured obligations of the Company, and rank pari passu with any other unsecured and unsubordinated creditors of the Company.

**13. Other non-current financial liabilities**

Particulars	Rs. in crores	
	As at March 31, 2023	As at March 31, 2022
Interest accrued but not due on borrowings	6.09	0.31
Premium on redemption of non-convertible debentures	-	230.32
	<b>6.09</b>	<b>230.63</b>

**14. Borrowings**

Particulars	Rs. in crores	
	As at March 31, 2023	As at March 31, 2022
<b>Current borrowings</b>		
Current maturities of non convertible debenture (Refer note 12)	2,481.36	-
	<b>2,481.36</b>	<b>-</b>



**PIOMBINO STEEL LIMITED**  
Notes forming part of the standalone financial statements

**15. Trade payables**

	Rs. in crores	
	As at	As at
Particulars	March 31, 2023	March 31, 2022
(a) Total outstanding, dues of micro and small enterprises	-	-

**Disclosure pertaining to micro, small and medium enterprises (as per information available with the Company)**

Description	As at March 31, 2023	As at March 31, 2022
Principal amount due outstanding as at end of year	-	-
Principal amount overdue more than 45 days	-	-
Interest due on above and unpaid as at end of year	-	-
Interest paid to the supplier	-	-
Payments made to the supplier beyond the appointed day during the year	-	-
Interest due and payable for the year of delay	-	-
Interest accrued and remaining unpaid as at end of year	-	-
Amount of further interest remaining due and payable in succeeding year	-	-

**(b) Total outstanding, dues of creditors other than micro and small enterprises**

Payable for operational creditors	-	-
Others	45.10	447.17
	<b>45.10</b>	<b>447.17</b>

**Ageing as at March 31, 2023**

Particulars	Outstanding for following periods from due date of payment				
	Unbilled	Less than 1 year	1-2 years	2-3 years	Total
MSME	-	-	-	-	-
Others	0.13	43.94	1.03	-	45.10
Disputed dues - MSME	-	-	-	-	-
Disputed dues - Others	-	-	-	-	-

**Ageing as at March 31, 2022**

Particulars	Outstanding for following periods from due date of payment				
	Unbilled	Less than 1 year	1-2 years	2-3 years	Total
MSME	-	-	-	-	-
Others	0.96	446.21	-	-	447.17
Disputed dues - MSME	-	-	-	-	-
Disputed dues - Others	-	-	-	-	-

Payables are normally settled within 180 days.

**16. Other current financial liabilities**

	Rs. in crores	
	As at	As at
Particulars	March 31, 2023	March 31, 2022
Interest accrued and due on borrowings	116.46	116.46
Premium on redemption of non-convertible debentures	476.06	-
	<b>592.52</b>	<b>116.46</b>

**17. Other current liabilities**

	Rs. in crores	
	As at	As at
Particulars	March 31, 2023	March 31, 2022
Statutory dues	-	0.44
	-	<b>0.44</b>

**18. Revenue from operations**

	Rs. in crores	
	For the year ended	For the year ended
Particulars	March 31, 2023	March 31, 2022
Sale of traded goods	45.46	560.36
	<b>45.46</b>	<b>560.36</b>



**Piombino Steel Limited**  
Notes forming part of the standalone financial statements

**Ind AS 115 (Revenue from contracts with customers)**

The Company has assessed and determined the following categories for disaggregation of revenue in addition to that provided under segment disclosure :

Particulars	Rs. in crores	
	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>Revenue from contracts with customer - sale of products</b>		
Trading of steel products	45.46	560.36
<b>Total revenue from operations</b>	<b>45.46</b>	<b>560.36</b>
India	45.46	560.36
Outside India	-	-
<b>Total revenue from operations</b>	<b>45.46</b>	<b>560.36</b>
<b>Timing of revenue recognition</b>		
At a point in time	45.46	560.36
<b>Total revenue from operations</b>	<b>45.46</b>	<b>560.36</b>

Particulars	Rs. in crores	
	As at March 31, 2023	As at March 31, 2022
Trade receivables	36.91	445.36

Particulars	Rs. in crores	
	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>19. Other income</b>		
Interest Income earned on financial assets	537.92	507.00
Other Miscellaneous Income	0.02	-
	<b>537.94</b>	<b>507.00</b>

Particulars	Rs. in crores	
	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>20. Purchase of stock-in-trade</b>		
Purchase of traded goods	49.89	559.55
	<b>49.89</b>	<b>559.55</b>

Particulars	Rs. in crores	
	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>21. Finance costs</b>		
Premium on redemption of non-convertible debentures	245.73	227.12
Interest on borrowings	6.42	6.59
Unwinding of interest on financial liabilities carried at amortised cost	12.14	157.32
Other borrowing costs	47.69	43.95
	<b>311.98</b>	<b>434.98</b>

Particulars	Rs. in crores	
	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>22. Other expenses</b>		
Legal and professional fees	0.51	0.57
Miscellaneous expenses	0.51	1.39
	<b>1.02</b>	<b>1.97</b>

**a) Remuneration to auditors Included in legal and professional Fees**

As Statutory audit fees (including limited reviews)	0.25	0.24
For certification and other services	-	0.04

**b) Corporate social responsibility (CSR)**

Particular	For the year ended 31 March ,2023		For the year ended 31 March ,2022	
	In- Cash	Yet to be paid in cash	In- Cash	Yet to be paid in cash
(a) Gross amount required to be spent by the Company during the year	0.44	-	-	-
(b) Amount spent on:				
(i) Construction / acquisition of assets	-	-	-	-
(ii) On purposes other than (i) above (for CSR projects)	-	0.44	-	-

Amount paid to JSW Foundation, a related party in relation to CSR expenditure(refer note 25 )

**(c) Details of related party transactions**

**(d) Nature of CSR activities**

- Public health infrastructure, capacity building & support programs
- Project management cost



**PIOMBINO STEEL LIMITED**

Notes forming part of the standalone financial statements

**23. Earnings per share**

Particulars	Rs. in crores	
	For the year ended March 31, 2023	For the year ended March 31, 2022
Net profit/(loss) attributable to equity shareholders for the year (A)	168.04	85.38
Weighted average number of equity shares for the purpose of calculating basic earnings per share (B)	6,100,000,000	4,044,383,562
Weighted average number of equity shares for the purpose of calculating diluted earnings per share (C)	6,100,000,000	11,044,383,562
Earnings per share		
Basic (Face value of Rs. 10 each) (A/B)	0.28	0.21
Diluted (Face value of Rs. 10 each) (A/B)	0.28	0.08

**24. Income Tax**
**A. Income Tax expense**

Particulars	Rs. in crores	
	For the year ended March 31, 2023	For the year ended March 31, 2022
Current tax	56.69	26.39
Deferred tax	(0.04)	(40.90)
<b>Total tax expense</b>	<b>56.65</b>	<b>(14.52)</b>

A reconciliation of income tax expense applicable to accounting profit before tax at the statutory income tax rate to recognised income tax expense for the year indicated are as

Particulars	Rs. in crores	
	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>Effective tax rate reconciliation</b>		
Profit before tax	224.69	70.86
Enacted tax rate in India	25.17%	25.17%
<b>Expected income tax expense at statutory tax rate</b>	<b>56.65</b>	<b>17.83</b>
<b>Tax effect of expenses not deductible in determining taxable profits</b>		
Deferred tax assets not recognized	0.04	8.55
<b>Tax expense for the year</b>	<b>56.69</b>	<b>26.39</b>
<b>Effective income tax rate</b>	<b>25.23%</b>	<b>37.24%</b>

**B. Deferred tax asset (net)**

Deferred tax balance in relation to	Rs. in crores		
	As at 31-Mar-22	Recognised /reversed through profit and loss	Recognised /reclassified from other comprehensive income
Others	-	0.04	-
<b>Total tax expense</b>	<b>-</b>	<b>0.04</b>	<b>-</b>

**25. Related party disclosures as required by Ind AS 24**
**A. Relationships**
**1. Holding Company**

JSW Steel Limited (with effect from October 1, 2021)

**2. The investing party in respect of which the reporting enterprise is a joint venture**

JSW Steel Limited (upto September 30, 2021)

JSW Shipping & Logistics Private Limited (upto September 30, 2021)

**3. Subsidiary Company**

Bhushan Power & Steel Limited (with effect from March 26, 2021)

West Waves Maritime & Allied Services Private Limited (with effect from November 24, 2021)

**4. Fellow Subsidiary Company**

JSW Steel Coated Products Limited

Asian Color Coated Ispat Limited (amalgamated with JSW Steel Coated Products Limited with effect from February 24, 2023)

JSW Vallabh Tinplate Private Limited





**PIOMBINO STEEL LIMITED****Notes forming part of the standalone financial statements****5. Key Management Personnel**

Mr. Kaustubh Kulkarni (with effect from January 19, 2022)  
 Mr. Mohit Goyal (with effect from January 19, 2022)  
 Mr. Alok Kumar Mishra

Chief Executive Officer  
 Chief Financial Officer  
 Company Secretary

**6. Board of Directors**

Mr. Manoj Kumar Mohta (with effect from December 1, 2021)  
 Mr. Anil Kumar Singh (with effect from December 1, 2021)  
 Mr. Divyakumar Bhair (with effect from December 1, 2021)  
 Mr. Anunay Kumar (with effect from December 1, 2021)  
 Dr. (Mrs.) Rakhi Jain (with effect from December 1, 2021)  
 Mr. Bhushan Prasad (upto December 1, 2021)  
 Mr. Sundeep Jain (upto December 1, 2021)  
 Mr. Sriram K.S.N. (upto December 1, 2021)

Non-Independent Non-Executive Director  
 Non-Independent Non-Executive Director  
 Non-Independent Non-Executive Director  
 Independent Non-Executive Director  
 Independent Non-Executive Director  
 Non-Independent Non-Executive Director  
 Non-Independent Non-Executive Director  
 Non-Independent Non-Executive Director

**7. Other related party**

JSW Shipping & Logistics Private Limited (with effect from October 01, 2021)  
 West Waves Maritime & Allied Services Private Limited (upto November 23, 2021)

**B. Transactions with related parties**

Particulars	Rs. in crores	
	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>Bhushan Power &amp; Steel Limited</b>		
Interest income	537.92	507.00
<b>JSW Steel Limited</b>		
Loan received	56.27	56.00
Finance costs	6.42	157.66
Purchase of steel products	41.81	663.65
Rent expense	0.01	-
<b>JSW Steel Coated Products Limited</b>		
Trading of steel products	23.39	341.04
<b>Asian Color Coated Ispat Limited</b>		
Trading of steel products	-	63.06
<b>JSW Vallabh Tinplated Private Limited</b>		
Trading of steel products	-	73.09
<b>West Waves Maritime &amp; Allied Services Private Limited</b>		
Advance given	-	0.05
Reimbursement of expenses incurred on our behalf	-	0.81
Finance costs	-	181.12
<b>JSW Foundation</b>		
CSR expenditure	0.44	-
<b>Director Remuneration</b>		
Remuneration to Kaustabh Kulkarni*	0.00	0.00

\*Rs. 1000

**Notes:**

1. Transactions are inclusive of taxes wherever applicable.

2. The Independent Non-Executive Directors are paid remuneration by way of sitting fees. The Company paid to them by way of sitting fees during current year is ` 0.018 crores (previous year `0.012 crores), which is not included above.

**Terms and conditions****Sales**

The sales to related parties are made on terms equivalent to those that prevail in arm's length transactions and in the ordinary course of business. Sales transactions are based on prevailing price lists and memorandum of understanding signed with related parties. For the year ended 31 March, 2023, the Company has not recorded any impairment of receivables relating to amounts owed by related parties

**Purchases**

The purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions and in the ordinary course of business. Purchase transactions are based on made on normal commercial terms and conditions and market rates

The transactions other than mentioned above are also in the ordinary course of business and at arms' length basis.



**PIOMBINO STEEL LIMITED**

Notes forming part of the standalone financial statements

**C. Balances with related parties**

Particulars	Rs. in crores	
	As at March 31, 2023	As at March 31, 2022
<b>Bhushan Power &amp; Steel Limited</b>		
Interest receivable	951.09	515.30
<b>JSW Steel Limited</b>		
Loan outstanding	112.27	56.00
Interest payable	122.08	116.30
Trade payables	43.59	445.65
<b>JSW Steel Coated Products Limited</b>		
Trade receivables	23.38	340.75
<b>Asian Color Coated Ispat Limited</b>		
Trade receivables	-	31.51
<b>JSW Vallabh Tinplated Private Limited</b>		
Trade receivables	-	48.03
<b>JSW Shipping &amp; Logistics Private Limited</b>		
Interest payable	0.47	0.47
<b>JSW Foundation</b>		
CSR expenditure	0.44	-

**26. Financial Instruments**
**26.1 Capital Risk Management**

The Company maintains a strong credit rating through optimum mix of debt and equity. The principal source of funding of the Company is from inter corporate loans, capital markets and investors. The Company is not subject to any externally imposed capital requirements. The Company regularly considers other financing and refinancing opportunities to diversify its debt profile, reduce interest cost and elongate the maturity of its debt portfolio. The Company monitors its capital using gearing ratio, which is net debt, divided to total equity. Net debt includes, interest bearing loans and borrowings less cash and cash equivalents, bank balances other than cash and cash equivalents and current investments.

Particulars	Rs. in crores	
	As at March 31, 2023	As at March 31, 2022
Borrowings	2,593.63	2,525.22
Less: Cash and cash equivalent	(0.03)	(4.23)
<b>Net debt</b>	<b>2,593.60</b>	<b>2,520.99</b>
<b>Total equity</b>	<b>6,353.96</b>	<b>6,185.92</b>
<b>Gearing ratio</b>	<b>0.41</b>	<b>0.41</b>

Equity includes all capital and reserves of the Company that are managed as capital and debt is defined as long and short term borrowings.

**26.2 Categories of financial instruments**

The accounting classification of each category of financial instruments and their carrying amounts are set out below:

As at March 31, 2023

Particulars	Rs. in crores			
	Amortised cost	Fair value through profit and loss	Total carrying value	Total fair value
<b>Financial assets</b>				
Trade receivables	36.91	-	36.91	36.91
Cash and cash equivalents	0.03	-	0.03	0.03
Other financial assets	951.37	-	951.37	951.37
<b>Total</b>	<b>988.31</b>	<b>-</b>	<b>988.31</b>	<b>988.31</b>
<b>Financial liabilities</b>				
Long term borrowings (including current maturities)	2,593.63	-	2,593.63	2,593.63
Trade payables	45.10	-	45.10	45.10
Other financial liabilities	598.60	-	598.60	598.60
<b>Total</b>	<b>3,237.33</b>	<b>-</b>	<b>3,237.33</b>	<b>3,237.33</b>

As at March 31, 2022

Particulars	Rs. in crores			
	Amortised cost	Fair value through profit and loss	Total carrying value	Total fair value
<b>Financial assets</b>				
Trade receivables	445.36	-	445.36	445.36
Cash and cash equivalents	4.23	-	4.23	4.23
Other financial assets	464.40	-	464.40	464.40
<b>Total</b>	<b>913.99</b>	<b>-</b>	<b>913.99</b>	<b>913.99</b>
<b>Financial liabilities</b>				
Long term borrowings	2,525.22	-	2,525.22	2,525.22
Trade payables	447.17	-	447.17	447.17
Other financial liabilities	347.09	-	347.09	347.09
<b>Total</b>	<b>3,319.48</b>	<b>-</b>	<b>3,319.48</b>	<b>3,319.48</b>



**PIOMBINO STEEL LIMITED**

Notes forming part of the standalone financial statements

**27. Fair value hierarchy of financial instruments**

The carrying amounts of trade receivables, trade payables, cash and cash equivalents, other financial assets and other financial liabilities (other than those specifically disclosed) are considered to be the same as their fair values, due to their short-term nature. A significant part of the financial assets is classified as Level 2. The fair value of these assets is marked to an active market or based on observable market data. The financial assets carried at fair value by the Company are mainly investments in debt securities, accordingly, any material volatility is not expected.

**Details of financial assets/liabilities measured at amortised cost but fair value disclosed in category-wise**

Particulars	Level and valuation techniques	Rs. in crores	
		As at March 31, 2023	As at March 31, 2022
<b>Long term borrowings (Including current maturities)</b>	Level 2, estimated by discounting expected future cash flows using a discount rate equivalent to the risk-free rate of return adjusted for credit spread considered by lenders for instruments of similar maturities.		
Carrying value		2,593.63	2,525.22
Fair value		2,593.63	2,525.22

**27.1 Market risk management**

Market risk is the risk of any loss in future earnings, in realisable fair values or in future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in interest rates, price fluctuations, liquidity and other market changes. Future specific market movements cannot be normally predicted with reasonable accuracy.

**27.2 Interest risk management**

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 is not exposed to interest rate risk because funds are borrowed at fixed interest rates. The borrowings of the Company are principally denominated in rupees with fixed rates of interest.

**27.3 Liquidity risk management**

Liquidity risk refers to the risk of financial distress or extraordinary high financing costs arising due to shortage of liquid funds in a situation where business conditions unexpectedly deteriorate and requiring financing.

As at March 31, 2023

Particulars	Rs. in crores			
	< 1 year	1-5 years	> 5 years	Total
<b>Financial assets</b>				
Trade receivables	36.91	-	-	36.91
Cash and cash equivalents	0.03	-	-	0.03
Other financial assets	951.37	-	-	951.37
<b>Total</b>	<b>988.31</b>	<b>-</b>	<b>-</b>	<b>988.31</b>
<b>Financial liabilities</b>				
Long term borrowings	2,481.36	112.27	-	2,593.63
Trade payables	45.10	-	-	45.10
Other financial liabilities	592.51	6.09	-	598.60
<b>Total</b>	<b>3,118.97</b>	<b>118.36</b>	<b>-</b>	<b>3,237.33</b>

As at March 31, 2022

Particulars	Rs. in crores			
	< 1 year	1-5 years	> 5 years	Total
<b>Financial assets</b>				
Trade receivables	445.36	-	-	445.36
Cash and cash equivalents	4.23	-	-	4.23
Other financial assets	464.13	0.25	0.02	464.40
<b>Total</b>	<b>913.72</b>	<b>0.25</b>	<b>0.02</b>	<b>913.99</b>
<b>Financial liabilities</b>				
Long term borrowings	-	2,525.22	-	2,525.22
Trade payables	447.17	-	-	447.17
Other financial liabilities	116.46	230.63	-	347.09
<b>Total</b>	<b>563.63</b>	<b>2,755.85</b>	<b>-</b>	<b>3,319.48</b>

**27.4 Credit risk management**

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. Currently, the Company has limited customer base. The Company selects customers after due diligence based on creditworthiness as a means of mitigating the risk of financial loss from defaults.

**28. Segment reporting**

The Company is in the business of coal and steel products trading activity, primarily operated in India and regularly reviewed by the Chief Operating Decision Maker for assessment of

Particulars	Rs. in crores	
	For the year ended March 31, 2023	For the year ended March 31, 2022
Domestic	45.46	560.36
	<b>45.46</b>	<b>560.36</b>

Revenue from operations have been allocated on the basis of location of customers.

**b. Non-current assets**

All non-current assets of the Company are located in India.

**c. Customer contributing more than 10% of revenue**

Particulars	Rs. in crores	
	For the year ended March 31, 2023	For the year ended March 31, 2022
JSW Steel Coated Products Limited	23.39	-
Namco Industries Private Limited	13.52	-
Apl Apollo Tubes Limited	-	-
Elamrin Mercantile Private Limited	-	560.36
	<b>36.91</b>	<b>560.36</b>



**PIOMBINO STEEL LIMITED****Notes forming part of the standalone financial statements****29. Contingent Liabilities**

The Company does not have any contingent liabilities as on March 31, 2023 (March 31, 2022 : NIL).

30. Previous year's figures have been reclassified/regrouped, wherever necessary, to confirm with the current period classification in comply with requirements of the amended Schedule III to the Companies Act, 2013.

31. West Waves Maritime & Allied Services Private Limited became a wholly owned subsidiary of the Company with effect from November 24, 2021, upon acquisition of its entire equity shareholding from Magnificent Merchandise and Advisory Services Private Limited for a premium of Rs. 9.17 per share. The Company had earlier availed financial assistance from West Waves Maritime & Allied Services Private Limited amounting to Rs. 2500 crores in relation to the acquisition of the Bhushan Power and Steel Limited.

32. The Board of Directors of the Company in their meeting held on the January 19, 2022 considered and approved the Scheme of Amalgamation pursuant to Section 233 and other applicable provisions of the Companies Act 2013, providing for the merger of its wholly owned subsidiary West Waves with the Company. The Regional Director of Ministry of Corporate Affairs, Western Region vide order dated May 6, 2022 approved the scheme of amalgamation of West Waves with the Company. Pursuant to receiving all the necessary regulatory and other approvals, West Waves merged with the Company with effect from December 1, 2021. Accordingly, the Company in the previous year had accounted for the merger under the pooling of interest method as prescribed in Ind AS 103 – Business Combination of entity under common control.

Particulars	Amount in Rs. Crore
<b>Assets</b>	
Loans	2500.00
Other financial assets	155.59
Trade receivables	0.01
Cash and cash equivalents	0.03
Other current assets	30.90
<b>Total (A)</b>	<b>2686.52</b>
<b>Liabilities</b>	
Borrowings	2500.00
Other financial liabilities	155.34
Trade payable	0.01
Other financial liabilities	0.01
Other current liabilities	30.38
<b>Total (B)</b>	<b>2,685.75</b>
<b>Total identifiable net assets acquired at book value (C) = (A-B)</b>	<b>0.78</b>
<b>Investments (D)</b>	<b>0.31</b>
<b>Capital reserve arising on merger (C-D)</b>	<b>0.47</b>



### 33. Ratio Analysis

S No	Ratios	Numerator	Denominator	FY 22-23	FY 21-22	Change	% Change	Change in ratio in excess of 25% compared to preceding year
1	Current Ratio (In times)	Current Assets	Current Liabilities	0.33	1.65	(1.32)	-80.19%	Change is mainly due to reclassification of borrowings in the current maturity and repayment has to be made in the next year
2	Debt Equity Ratio (In times)	Total Borrowings	Total Equity	0.41	0.41	(0.00)	-0.01%	
3	Debt service coverage ratio (In times)	Profit before Tax, Exceptional Items, Depreciation, Net Finance Charges	Net Finance Charges	0.19	1.16	(0.97)	-83.59%	Change is mainly due to reclassification of borrowings in the current maturity and repayment has to be made in the next year
4	Return on Equity (%)	Profit after tax	Average Shareholder's equity	2.68%	1.86%	0.82%	44.14%	Increase was primarily on account of increase in profit after tax.
5	Inventory Turnover	Cost of Goods Sold	Average Inventory	21.88	-	21.88	100.00%	Change is due to goods lying in the inventory during the current year.
6	Debtors Turnover (In times)	Gross sales	Average Trade receivables	0.19	2.46	(2.27)	-92.28%	Quantum of change is due to decrease in turnover is more than decrease in trade receivables.
7	Trade payables turnover (In times)	Purchases of stock-in-trade + change in inventory	Average trade payables	0.19	2.44	(2.26)	-92.40%	Quantum of change is due to decrease in purchases is more than decrease in trade payables.
8	Net capital turnover (In times)	Net Sales	Working Capital	(0.02)	1.54	(1.56)	-101.41%	Decrease was primarily on account of decrease in revenue from operations.
9	Net Profit Margin (%)	Net profit for the year	Total Income	28.80%	8.00%	20.81%	260.11%	Higher profit margin attributable to increase in profit after tax and increase in total income.
10	Return on capital employed (%)	Profit before Tax, Exceptional Items, Depreciation and Finance Cost	Capital employed	6.00%	5.81%	0.19%	3.29%	
11	Return on investment <sup>a</sup>	NA	NA	NA	NA	NA	NA	

Note: Above ratios are based on the standalone financial statements of the Company

<sup>a</sup> The Company has neither made any new investment, nor declared any dividend in the current year. Further, all the investments of the Company are unquoted. Thus, this ratio is not applicable.

### 34. Qualitative disclosures pertaining to Schedule III

- (i) The Company do not have Benami property, where any proceeding has been initiated or pending against the company for holding any Benami property.
- (ii) The Company do not have any transactions with companies struck off.
- (iii) The Company do not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.
- (iv) The Company have not traded or invested in Crypto or Virtual Currency during the year ended March 31, 2023.
- (v) The Company have not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
- directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries);
  - provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.
- (vi) The Company have not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:
- directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries);
  - provide any guarantee, security or the like on the behalf of the Ultimate Beneficiaries.
- (vii) The Company have not any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or any other relevant provisions of the Income Tax Act, 1961.
- (viii) The Company has complied with the number of layers prescribed under clause (87) of section 2 of the Act read with the Companies (Restriction on number of Layers) Rules, 2017.
- (ix) The Company is not declared wilful defaulter by and bank or financial institution or lender during the year.
- (x) The Company has used the borrowings from banks and financial institutions for the specific purpose for which it was obtained.
- (xi) The are no title deeds as the Company does not have any Immovable property.

As per our attached report of even date  
For Shah Gupta & Co.  
Chartered Accountants  
Firm Registration No.: 109574W

Parth P Patel  
Partner  
Membership No.: 172670  
UDIN: 23172670BGXTNJ7369  
Place: Mumbai  
Date : 10 May, 2023



*Kaustubh Kulkarni*  
Kaustubh Kulkarni  
Chief Executive Officer



*Dhyakumar Bhair*  
Dhyakumar Bhair  
Director  
DIN: 08568679

*Alok Kumar Mishra*  
Alok Kumar Mishra  
Company Secretary  
M. No. A15967

For and on behalf of the Board of Directors

*Anil Kumar Singh*  
Anil Kumar Singh  
Director  
DIN: 02059903

*Mohit Goyal*  
Mohit Goyal  
Chief Financial Officer