

Welspun Specialty Solutions Limited

Regd. Office : Plot No. 1, GIDC Industrial Estate, Jhagadia, Dist. Bharuch, Gujarat-393110

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CIN : L27100GJ1980PLC020358

STATEMENT OF UNAUDITED FINANCIAL RESULTS FOR THE QUARTER AND HALF YEAR ENDED SEPTEMBER 30, 2022

(Rs. In Lacs)

Sr. No	Particulars	Quarter Ended (Unaudited)			Half Year Ended (Unaudited)		Year Ended (Audited)
		30-Sep-22	30-Jun-22	30-Sep-21*	30-Sep-22	30-Sep-21*	31-Mar-22*
1	Income						
a)	Revenue from operations	8,709	8,176	2,071	16,885	3,914	16,329
b)	Other income	665	363	6	1,028	8	1,912
	Total Income (a+b)	9,374	8,539	2,077	17,913	3,922	18,241
2	Expenses						
a)	Cost of materials consumed	8,446	7,583	1,992	16,029	2,567	13,048
b)	Changes in inventories of finished goods and work in progress	(3,096)	(2,327)	(976)	(5,423)	(401)	(3,363)
c)	Employee benefit expense	855	768	485	1,623	972	2,262
d)	Finance costs	725	509	363	1,234	729	1,869
e)	Depreciation and amortisation expense	373	365	364	738	724	1,449
f)	Power and Fuel expense (net) (Refer note 10 below)	1,139	1,103	380	2,242	660	2,536
g)	Consumption of stores & spares	842	719	305	1,561	559	1,973
h)	Other expenses	1,161	615	320	1,776	619	1,711
	Total Expense	10,445	9,335	3,233	19,780	6,429	21,485
3	Loss before tax (1-2)	(1,071)	(796)	(1,156)	(1,867)	(2,507)	(3,244)
4	Exceptional Items - Income / (Expenses) (Refer note - 5)	-	-	14	-	14	-
5	Loss before tax (3+4)	(1,071)	(796)	(1,142)	(1,867)	(2,493)	(3,244)
6	Tax expenses						
a)	Current tax	-	-	-	-	-	-
b)	Deferred tax	-	-	-	-	-	-
	Total tax expenses	-	-	-	-	-	-
7	Net loss for the period / year (5-6)	(1,071)	(796)	(1,142)	(1,867)	(2,493)	(3,244)
8	Other Comprehensive Income						
a)	Items that will be reclassified to profit or loss						
	Fair value change gain/(loss) on derivatives designated as cash flow hedge (net)	-	60	3	60	(1)	(65)
b)	Items that will not be reclassified to profit or loss						
	Remeasurements gain/(loss) on defined benefit obligation	(4)	(5)	(9)	(9)	(18)	13
	Total Other Comprehensive Income for the period / year (net of tax)	(4)	55	(6)	51	(19)	(52)
9	Total Comprehensive Income for the period / year (7+8)	(1,075)	(741)	(1,148)	(1,816)	(2,512)	(3,296)
10	Paid-up equity share capital (Face value of Rs. 6/- each)	31,805	31,805	31,805	31,805	31,805	31,805
11	Other Equity						(27,444)
12	Earnings per share (Face value of Rs. 6/- each) (Not annualised for the quarter and half year ended)						
	- Basic	(0.20)	(0.15)	(0.22)	(0.35)	(0.47)	(0.61)
	- Diluted	(0.20)	(0.15)	(0.22)	(0.35)	(0.47)	(0.61)

*Restated



STATEMENT OF ASSETS AND LIABILITIES

(Rs. In Lacs)

Sr No.	Particulars	As at	As at	As at
		September 30, 2022	March 31, 2022	April 1, 2021
		(Un-Audited)	(Audited)*	(Audited)*
	Assets			
1	Non-current assets			
(a)	Property, Plant and Equipment	20,253	20,797	21,914
(b)	Right of use of Asset	254	256	259
(c)	Capital Work in Progress	599	619	503
(d)	Intangible assets	199	182	238
(e)	Income tax assets (net)	175	166	15
(f)	Other non-current assets	14	-	12
	Total non-current Assets	21,494	22,020	22,941
2	Current assets			
(a)	Inventories	15,490	11,445	5,337
(b)	Financial assets			
(i)	Trade receivables	4,515	1,533	1,014
(ii)	Cash and cash equivalents	34	501	30
(iii)	Bank Balance Other than (ii) above	68	91	37
(iv)	Other Financial Assets	341	69	51
(c)	Other current assets	2,841	1,586	489
	Total Current Assets	23,289	15,225	6,958
	Total Assets	44,783	37,245	29,899
1	Equity and Liabilities			
	Equity			
(a)	Equity share capital	31,805	31,805	31,765
(b)	Other equity	(29,260)	(27,444)	(24,113)
	Total Equity	2,545	4,361	7,652
2	Liabilities			
	Non-current liabilities			
(a)	Financial liabilities			
(i)	Borrowings	22,248	23,160	11,570
(ii)	Other financial liabilities	631	1,104	670
(b)	Provisions	115	148	115
(c)	Other non-current liabilities	-	-	5,483
	Total non-current liabilities	22,994	24,412	17,838
	Current liabilities			
(a)	Financial liabilities			
(i)	Borrowings	5,572	921	1,843
(ii)	Trade payables			
-	Total outstanding dues of micro and small enterprises	-	-	-
-	Total outstanding dues of creditors other than micro and small enterprises	12,695	6,754	1,868
(iii)	Other financial liabilities	258	377	386
(b)	Other current liabilities	586	338	269
(c)	Provisions	133	82	43
	Total current liabilities	19,244	8,472	4,409
	Total Equity and Liabilities	44,783	37,245	29,899

*Restated



Notes :

- 1 The aforesaid financial results of Welspun Specialty Solutions Limited (the "Company") were reviewed by the Audit Committee and subsequently approved by the Board of Directors of the Company at its meeting held on October 31, 2022. The Statutory Auditors have carried out a Limited Review and expressed an unmodified conclusion on the aforesaid results.
- 2 The aforesaid financial results of the Company have been prepared in accordance with the Companies (Indian Accounting Standards) Rules, 2015 (as amended) (Ind AS) prescribed under Section 133 of the Companies Act, 2013 and other recognised accounting practices and policies to the extent applicable.
- 3 The Company is engaged in the business of steel & steel products which in the opinion of the management is a single business segment in the context of Ind AS 108 on "Operating Segment". The business operations of the Company are predominantly confined within India.
- 4 The Company has unabsorbed tax losses and depreciation that are available for offsetting against future taxable profits of the Company. The Company will consider recording all the deferred tax assets (including on tax losses) when it is more probable that sufficient taxable profit will be available in future against which such deferred tax assets will be realised.
- 5 During the quarter ended on September 30, 2021, the Company has received Rs. 14 lacs as the final differential amount vide Department Order Number 1692081 dated January 16, 2021 from Government of Gujarat of which Rs 909 lacs were received during the year ended on March 31, 2021. The said amounts received were towards reimbursement of power subsidy and accordingly the same has been considered as an exceptional item during the quarter ended September 30, 2021.
- 6 Certain contractual disputes arose in past between the Company and its customer, a public sector undertaking ("PSU") in respect of supply of pipes by the Company to the PSU. The Hon'ble Supreme Court vide its order dated November 13, 2021 ("Hon'ble SC Order") upheld the entire arbitral award in favour of the Company. Accordingly, the Company has received payment amounting to Rs. 1,597 lacs (including interest) on March 25, 2022 which has been credited to Statement of Profit and Loss as Other Income for the year ended March 31, 2022.
- 7 During the period ended September 30, 2021, two employees exercised the stock options granted under RMG Alloy Steel Limited Employee Stock Option (Senior Management Personnel) Scheme, 2018 and were issued 6,67,850 Equity Shares at Rs. 25.5 each (including at a premium of Rs.19.5 each), amounting to Rs. 170 Lacs and were subscribed and fully paid up.
- 8 The Board of Directors of Welspun Steel Ltd (the "Demerged Company"), being the promoter of the Company, at its meeting held on June 28, 2021 have, inter alia, considered and decided to propose to National Company Law Tribunal ("NCLT") for its approval of a scheme in the nature of demerger to transfer its steel business undertaking which inter alia includes their stake (50.03%) in the Company to Welspun Corp Limited (the "Resulting Company"). The Said scheme was approved by NCLT on March 16, 2022, with Appointed date of April 1, 2021. Since the stakeholders who are holding not less than 50% of the equity shares in the Demerged Company (holding company of Welspun Specialty Solutions Limited (WSSL)) are the same stakeholders holding not less than 50% equity shares in the Resulting Company and control being exercised by the same person(s) over both the companies, the indirect acquisition of control of WSSL pursuant to the proposed Scheme is exempt from making open offer under the provisions of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011. Accordingly, Welspun Corp Limited became the holding company of the Company.
- 9 The Company is eligible for refund of SGST paid through cash ledger under the "Scheme for Relief and Concessions to the viable sick industrial enterprises" issued by Government of Gujarat Industries & Mines Department. Pursuant to which the Company has recognised an income of Rs 128.09 lacs in the quarter ended September 30, 2022, Rs. 209.09 lacs in the quarter ended June 30, 2022, Rs 4.13 lacs in the quarter ended September 30, 2021, Rs 337.18 lacs in the half year ended September 30, 2022, Rs 4.13 lacs in the half year ended September 30, 2021 and Rs.183.63 lacs in the year ended March 31, 2022. The same has been recognised under the head 'Other Income'.
- 10 The Company is eligible for reimbursement of certain portion of electricity charges and electricity duty paid under the "Scheme for Relief and Concessions to the viable sick industrial enterprises" issued by Government of Gujarat Industries & Mines Department. Pursuant to which the Company has recognised an income of Rs 73.52 lacs in the quarter ended September 30, 2022, Rs. 109.78 lacs in the quarter ended June 30, 2022, Rs. 47.95 lacs in the quarter ended September 30, 2021, Rs. 183.30 lacs in the half year ended September 30, 2022, Rs. 104.61 lacs in the half year ended September 30, 2021 and Rs. 220.30 lacs in the year ended March 31, 2022. The power and fuel expense of the respective periods have been reported net of these benefits.
- 11 During the period ended on September 30, 2022, the Company reassessed the nature of its 12% Non-Cumulative Redeemable Preference Shares, resulting in change in liability portion of the instruments. Basis the change, the revised liability portion of the instrument as disclosed under non-current borrowing is Rs. 1,315 lacs and Rs. 1,481 lacs as compared to the originally reported liability of Rs. 5,090 lacs and Rs. 5,090 lacs as at April 1, 2021 and March 31, 2022 respectively. Further, the revised amount of other equity is higher by Rs. 3,775 lacs and Rs. 3,609 lacs, at Rs. (24,113) lacs and at Rs. (27,444) lacs as compared to the originally reported amount of Rs. (27,888) lacs and Rs. (31,053) lacs as at April 1, 2021 and March 31, 2022 respectively. This change has resulted into an increase in the loss for the year ended March 31, 2022, by Rs. 166 lacs and loss for the quarter and period ended September 30, 2021, by Rs. 41 lacs, Rs. 81 lacs respectively.
- 12 With respect to the accounting treatment of 12% Non-Cumulative Redeemable Preference shares ("NCRPS"), presentation and measurement has been made in accordance with Ind AS 32 'Financial Instruments: Presentation' and Ind AS 109 'Financial Instruments', which requires the presentation of these NCRPS as a compound financial instrument. Accordingly, NCRPS have not been presented as preference share capital in the Statement of Unaudited Financial Results for Quarter and Half year ended September 30, 2022, as required under the Companies Act, 2013.
- 13 Previous periods' figures have been regrouped/rearranged wherever necessary to conform to current period's classification.

Date: October 31, 2022
Place: Mumbai



For and on behalf of Board

[Signature]


Anuj Borakia
CEO & Whole Time Director
DIN: 02840211

Welspun Specialty Solutions Limited
Statement of Cash flows for the half year ended September 30, 2022

(Rs. In Lacs)

	Particulars	Period ended September 30, 2022	Period ended September 30, 2021
		(Un-Audited)	(Un-Audited)
A)	Cash flow from operating activities:		
	Loss before tax:	(1,867)	(2,493)
	Adjustments to reconcile loss before tax to net cash flows -		
	Depreciation and amortization expenses	738	724
	Finance costs	1,234	729
	Unrealised gain on foreign currency transactions and translations	(229)	(7)
	Interest income on bank deposits	(12)	(8)
	Share based payment expenses	-	3
	Allowances for credit losses- Trade receivables	108	-
		1,839	1,441
	Operating Loss before working capital changes	(28)	(1,052)
	Movement in working capital :		
	(Increase)/decrease in trade receivables	(3,090)	483
	(Increase)/decrease in other financial assets	(45)	1
	(Increase) in other assets	(1,255)	(538)
	(Increase) in inventories	(4,045)	(1,989)
	Increase in trade payables	5,942	1,106
	Increase in other financial liabilities	33	144
	Increase in other liabilities	248	275
	Increase in provisions	9	13
		(2,203)	(505)
	Cash used in operations	(2,231)	(1,557)
	Less: Direct taxes paid	(9)	(10)
	Net cash used in operating activities	(2,240)	(1,567)
B)	Cash flows from investing activities		
	Purchase of property, plant and equipment and capital work in progress	(157)	(207)
	Purchase of intangible assets	(46)	-
	(Increase)/decrease in bank balance other than cash and cash equivalents	22	(160)
	Interest Income	12	7
	Net cash used in investing activities:	(169)	(360)
C)	Cash Flow from financing activities		
	Proceeds from non-current borrowings	9,400	5,496
	Repayment of non-current borrowings	(10,342)	(2,480)
	Proceeds / (Repayment) of short term borrowings (net)	4,591	(498)
	Interest Paid	(1,707)	(502)
	Net cash generated from financing activities:	1,942	2,016
	Net Increase/(Decrease) in cash and cash equivalents (A + B + C)	(467)	89
	Cash and cash equivalents at the beginning of the period	501	30
	Cash and cash equivalents at the end of the period	34	119
	Components of cash and cash equivalents		
	Cash on hand	2	1
	Balances with banks:		
	Current accounts	32	118
	Total Cash and cash equivalents	34	119

For and on behalf of Board


Anuj Borakia
CEO & Whole Time Director
DIN: 02840211

Date: October 31, 2022
Place: Mumbai



Price Waterhouse Chartered Accountants LLP

Review Report

Date: October 31, 2022

To
The Board of Directors
Welspun Specialty Solutions Limited
Plot No.1, GIDC Industrial Estate,
Jhagadia, Dist. Bharuch,
Gujarat- 393110

1. We have reviewed the unaudited financial results of Welspun Specialty Solutions Limited (the "Company") for the quarter and the half year ended September 30, 2022, which are included in the accompanying 'Statement of Unaudited Financial Results for the Quarter and Half year ended September 30, 2022', 'the Statement of Assets and Liabilities as on that date' and the 'Statement of Cash Flows for the half-year ended on that date' and notes thereon (the "Statement"). The Statement has been prepared by the Company pursuant to Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "Listing Regulations, 2015"), which has been initialled by us for identification purposes.
2. This Statement, which is the responsibility of the Company's Management and approved by the Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 "Interim Financial Reporting" ("Ind AS 34"), prescribed under Section 133 of the Companies Act, 2013 ('the Act'), and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Institute of Chartered Accountants of India. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.
4. Based on our review conducted as above, nothing has come to our attention that causes us to believe that the Statement has not been prepared in all material respects in accordance with the recognition and measurement principles laid down in the aforesaid Indian Accounting Standard and other accounting principles generally accepted in India and has not disclosed the information required to be disclosed in terms of Regulation 33 of the Listing Regulations, 2015 including the manner in which it is to be disclosed, or that it contains any material misstatement.



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Price Waterhouse (a Partnership Firm) converted into Price Waterhouse Chartered Accountants LLP (a Limited Liability Partnership with LLP identity no: LLPIN AAC-5001) with effect from July 25, 2014. Post its conversion to Price Waterhouse Chartered Accountants LLP, its ICAI registration number is 012754N/N500016 (ICAI registration number before conversion was 012754N)

Price Waterhouse Chartered Accountants LLP

Welspun Specialty Solutions Limited

Review Report on unaudited financial results of Welspun Specialty Solutions Limited for the quarter and the half year ended September 30, 2022

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5. We draw your attention to:

- (a) Note no. 12 to the 'Statement of Unaudited Financial Results for Quarter and Half year ended September 30, 2022', regarding the accounting treatment and presentation of 12% Non-Cumulative Redeemable Preference shares ('NCRPS') as a Compound Financial Instrument in accordance with the requirements of Ind AS 32 'Financial Instruments: Presentation' and Ind AS 109 'Financial Instruments'. Such accounting treatment and presentation, however, is not in accordance with the provisions of Section 2(64) and Section 43 of the Act.
- (b) Note no. 11 to the 'Statement of Unaudited Financial Results for Quarter and Half year ended September 30, 2022', regarding the restatement as described in the aforesaid note.

Our conclusion is not modified in respect of these matters.

- 6. (a) The financial results of the Company for the quarter ended September 30, 2021 and the year to date results for the period April 1, 2021 to September 30, 2021 were reviewed by another firm of chartered accountants who issued their unmodified conclusion, vide their report dated November 1, 2021.
- (b) The financial statements of the Company for the year ended March 31, 2022 was audited by another firm of Chartered Accountants, who issued an unmodified opinion vide their report dated May 23, 2022.
- (c) The financial statements of the Company for the year ended March 31, 2021 was audited by another firm of Chartered Accountants, who issued an unmodified opinion vide their report dated June 18, 2021.

Our conclusion is not modified in respect of these matters.

For Price Waterhouse Chartered Accountants LLP
Firm Registration Number: 012754N/N500016



Neeraj Sharma
Partner
Membership Number: 108391
UDIN: 22108391BBLXET4944

Place: Mumbai
Date: October 31, 2022