Pradeep Metals Limited

Manufacturers of Precision Closed Die Forgings

July 15, 2019

To,
The Department of Corporate Services
BSE Ltd.
P.J. Towers, Dalal Street, Mumbai-400 001
Fax No.22722037 / 39 / 41.

Scrip Code: 513532

Dear Sirs/Madam,

Subject: Annual Report for Financial Year 2018-19 and Notice convening the 36th Annual General Meeting:

As required under Regulation 30 and Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we submit herewith Annual Report of the Company for Financial Year 2018-19 along with Notice convening the 36th Annual General Meeting scheduled to be held on 10th August, 2019 at 3.00 p.m. at N.K. Mehra Memorial Hall, Thane Belapur Industries Association, P-14, MIDC, Opposite Rabale Railway Station, Rabale, Navi Mumbai- 400701.

We request to take above information on record.

Thanking you,

Yours faithfully,

For Pradeep Metals Limited

Nivedita Nayak

Nivedita Nayak
Company Secretary
FCS: 8479

PRADEEP METALS LIMITED ★ NEW BOMBAY ★

R-205, M.I.D.C., RABALE, NAVI MUMBAI - 400 701, INDIA.
Phone : +91-22-2769 1026, 2769 3173 Fax : +91-22-2769 1123
CIN : L99999MH1982PLC026191 E-mail : info@pradeepmetals.com Website : www.pradeepmetals.com

Pradeep Metals Limited

36th ANNUAL REPORT

2018 - 2019

Publicly listed on BSE
36 years in the forging business
Consistent Quality
Quick tool development
Low-volume High mix customized parts
All facilities under one roof
Highly qualified technical support

factory

our product range

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COMPANY INFORMATION

BOARD OF DIRECTORS

Mr. Pradeep Goyal	Chairman and Managing Director
Dr. Kewal Krishan Nohria	Non-Executive Director
Mr. Omprakash Agarwal	Non-Executive Director
Mrs. Neeru P. Goyal	Non-Executive Director
Mr. Suresh G. Vaidya	Independent Director
Mr. Jaidev R. Shroff	Independent Director (upto 30th September, 2018)
Mr. Jayavardhan Dhar Diwan	Independent Director
Mr. Kartick Maheshwari	Independent Director
Ms. Nandita Nagpal Vohra	Independent Director (Additional) (w.e.f. 28th December, 2018)

Chief Financial Officer	Company Secretary and Compliance Officer
Ms. Kavita Choubisa Ojha (w.e.f. 14th November, 2018)	Mr. Harshad Babade (upto 31st October,2018) Ms. Nivedita Nayak (w.e.f. 18th March, 2019)

Statutory Auditors	Secretarial Auditors
N. A. Shah Associates LLP Chartered Accountants	Shweta Gokarn & Co. Company Secretaries

Internal Auditors	Cost Auditors
BDO India LLP	MKJ & Associates Cost and Management Accountants

Bankers

Union Bank of India

Registered Office

R-205, MIDC, Rabale, Navi Mumbai 400 701.
Tel: +91-22-27691026 Fax: +91-22-27691123
e-mail: info@pradeepmetals.com, investors@pradeepmetals.com
Website: www.pradeepmetals.com
CIN: L99999MH1982PLC026191

Registrar and Transfer Agent

Link Intime India Pvt. Ltd,
C-101, 247 Park, L.B.S. Marg, Vikhroli (W), Mumbai 400 083.
Tel: +91-22-49186000; Fax: +91-22-49186060
Email: rnt.helpdesk@linkintime.co.in

PERFORMANCE AT A GLANCE (STANDALONE)

(Rs. in lakhs)

PARTICULARS	2018-19	2017-18	2016-17	2015-16	2014-15
Sales and Other Income (Net of Excise Duty/ GST)	17,611	14,460	12,338	12,084	13,261
Profit before Interest, Depreciation and Tax	2,816	2,209	1,762	1,580	1,884
Less: Finance Cost	694	621	550	676	421
Less: Depreciation	444	416	432	370	258
Less: Prior period items - (income)/ expenses (net)	-	-	-	20	-
Profit Before Tax	1,678	1,172	779	514	1,205
Less: Taxation (including MAT and Deferred Tax)	484	353	265	138	422
Profit for the year before Dividend	**1,194**	**819**	**515**	**376**	**783**

Earnings per Equity Share of Rs.10/- each (in Rupees)

a. Basic	6.91	4.74	2.98	2.17	4.53
b. Diluted	6.91	4.74	2.98	2.17	4.53
c. Net Worth (Rs. In lakhs)	6,398	5,232	4,419	3,929	3,687

NOTICE

NOTICE IS HEREBY GIVEN THAT THE THIRTY SIXTH ANNUAL GENERAL MEETING OF PRADEEP METALS LIMITED WILL BE HELD ON SATURDAY, 10th AUGUST, 2019 AT 3.00 PM AT N.K. MEHRA MEMORIAL HALL, THANE BELAPUR INDUSTRIES ASSOCIATION, P-14, MIDC, OPPOSITE RABALE RAILWAY STATION, RABALE, NAVI MUMBAI 400701 TO TRANSACT THE FOLLOWING BUSINESS:

ORDINARY BUSINESS:

1. To consider and adopt:
   a. the Audited Standalone Financial Statements of the Company for the financial year ended 31st March, 2019, together with the Reports of the Board of Directors and Auditors thereon; and
   b. the Audited Consolidated Financial Statements of the Company for the financial year ended 31st March, 2019, together with the Reports of the Auditors thereon.
2. To declare dividend on Equity Shares for the financial year ended 31st March, 2019.
3. To appoint a Director in place of Mrs. Neeru P. Goyal (DIN: 05017190), who retires by rotation and, being eligible, offers herself for re-appointment.

SPECIAL BUSINESS:

4. **To appoint Ms. Nandita Nagpal Vohra (DIN: 06962408) as an Independent Director**

   To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

   "**RESOLVED THAT** pursuant to the provisions of Sections 149, 150, 152 and other applicable provisions of the Companies Act, 2013 ('the Act') and the rules made thereunder read with Schedule IV to the Act (including any statutory modification(s) or re-enactment thereof for the time being in force), Ms. Nandita Nagpal Vohra (DIN: 06962408), who was appointed as an Additional Director of the Company by the Board of Directors in accordance with provisions of Section 161(1) of the Act on 28th December, 2018 and who holds office till the conclusion of this Annual General Meeting, be and is hereby appointed as an Independent Director of the Company, for a period from conclusion of this Annual General Meeting till 27th December, 2023.

   RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

5. **To re-appoint Mr. Suresh G. Vaidya (DIN: 00220956) as an Independent Director for Second Term**

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

   "**RESOLVED THAT** in accordance with the provisions of Sections 149, 152 and other applicable provisions of the Companies Act, 2013 ('the Act') and the rules made thereunder read with Schedule IV of the Companies Act, 2013, and Regulation 17 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. Suresh G. Vaidya (DIN: 00220956), who has attained the age of seventy-five years, be and is hereby reappointed as an Independent Director of the Company for his second term from the conclusion of this Annual General Meeting upto the conclusion of 41st Annual General Meeting.

   RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

6. **To approve the remuneration of the Cost Auditors for the financial year ending 31st March, 2020**

   To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

   "**RESOLVED THAT** pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013, read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), M/s MKJ & Associates, Cost & Management Accountants, Mumbai (Firm Registration No. 001352), appointed by the Board of Directors of the Company on the recommendation of the Audit Committee, to conduct the audit of the Cost Records of the Company for the financial year ending 31st March, 2020, be paid a remuneration of Rs. 1,25,000/- (Rupees One Lakh Twenty Five Thousand Only) plus applicable taxes and reimbursement of out of pocket expenses incurred by them in connection of the aforesaid audit."

7. **To ratify remuneration paid to Mr. Abhinav Goyal holding office or place of profit.**

To consider and, if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution**:

"RESOLVED THAT pursuant to Section 188 , 177 and other applicable provisions, if any, of the Companies act, 2013 read with Companies (Meeting of Board and Its Powers) Rules, 2014 and Regulation 23 of SEBI (Listing and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment thereof for the time being in force), consent of the Members be and is hereby accorded for ratification of holding office or place of profit by Mr. Abhinav Goyal in Dimensional Machine Works, LLC, Houston, USA (DMW), 100% Step Down Subsidiary and for payment of remuneration to him by DMW in Foreign Currency exceeding Indian Rs. 2,50,000/- per month during the financial years 2015-16 to 2018-19 as are more particularly specified in the relevant Explanatory Statement annexed to the Notice of this Meeting.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

8. **To ratify/approve the remuneration paid/payable to Mr. Abhinav Goyal holding office or place of profit.**

To consider and, if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution**:

"RESOLVED THAT pursuant to Section 188 , 177 and other applicable provisions, if any, of the Companies act, 2013 read with Companies (Meeting of Board and Its Powers) Rules, 2014 and Regulation 23 of SEBI (Listing and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment thereof for the time being in force), consent of the Members be and is hereby accorded for holding office or place of profit by Mr. Abhinav Goyal in Dimensional Machine Works, LLC, Houston, USA (DMW), 100% Step Down Subsidiary and for payment of remuneration to him by DMW in Foreign Currency exceeding Indian Rs. 2,50,000/- per month during the financial years 2019-20 to 2021-22 as are more particularly specified in the relevant Explanatory Statement annexed to the Notice of this Meeting."

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

9. **To ratify remuneration paid to Mrs. Neha Goyal holding office or place of profit.**

To consider and, if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution**:

"RESOLVED THAT pursuant to Section 188, 177 and other applicable provisions, if any, of the Companies Act, 2013 read with Companies (Meeting of Board and Its Powers) Rules, 2014 and Regulation 23 of SEBI (Listing and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment thereof for the time being in force), consent of the Members be and is hereby accorded for ratification of holding office or place of profit by Mrs. Neha Goyal in Dimensional Machine Works, LLC, Houston, USA (DMW), 100% Step Down Subsidiary and for payment of remuneration to her by DMW in Foreign Currency exceeding Indian Rs. 2,50,000/- per month during the financial year 2018-19 as are more particularly specified in the relevant Explanatory Statement annexed to the Notice of this Meeting.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

10. **To ratify/approve the remuneration paid/ payable to Mrs. Neha Goyal holding office or place of profit.**

To consider and, if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution**:

"RESOLVED THAT pursuant to Section 188 , 177 and other applicable provisions, if any, of the Companies Act, 2013 read with Companies (Meeting of Board and Its Powers) Rules, 2014 and Regulation 23 of SEBI (Listing and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment thereof for the time being in force), consent of the Members be and is hereby accorded for holding office or place of profit by Mrs. Neha Goyal in Dimensional Machine Works, LLC, Houston, USA (DMW), 100% Step Down Subsidiary and payment of remuneration to her by DMW for drawing remuneration in Foreign Currency exceeding Indian Rs. 2,50,000/- per month during the financial years 2019-20 to 2021-22 as are more particularly specified in the relevant Explanatory Statement annexed to the Notice of this Meeting.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

11. To approve Payment of Commission to Directors other than Managing Director and Directors from Promoter Group.

To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

"**RESOLVED THAT** pursuant to the provisions of Section 197 and all other applicable provisions, if any, of the Companies Act, 2013 and the Rules framed thereunder (including any statutory modification(s) or re-enactment thereof, for the time being in force), consent, authority and approval of the Company be and is hereby accorded for payment of commission to the Directors of the Company (other than Directors from the Promoters' Group) annually for each of the five financial years commencing from financial year 2019-2020, an amount not exceeding 1% (one percent) of the net profits of the Company computed in accordance with the provisions of Section 198 of the Act, to be divided amongst the Directors aforesaid in such amounts or proportions and in such manner as the Board of Directors (hereinafter referred as the "Board") of the Company may from time to time determine and in default of such determination equally and further that the above remuneration shall be in addition to the sitting fees payable to such Directors for attending meetings of the Board and/ or Committee(s) thereof or for any other purpose, whatsoever, as may be decided by the Board and reimbursement of expenses for participation in the Board and/or Committee meetings.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

12. To approve revision in remuneration of Mr. Pradeep Goyal, Chairman and Managing of the Company (DIN: 00008370)

To consider and, if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution:**

"**RESOLVED THAT** in modification of the earlier resolutions passed and pursuant to the provisions of Section 196, 197, 198 and any other applicable provisions of the Companies Act, 2013 (herein after referred to as "the Act")and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force), read with Schedule V and subject to such other approvals as may be necessary, consent of the Members of the Company be and is hereby accorded to revision of remuneration, by way of increase in the remuneration payable to Mr. Pradeep Goyal, Chairman & Managing Director of the Company (DIN: 00008370) with effect from 1st April, 2019 till the remaining tenure of his present term as per the revised salary, allowance and perquisites as under:

(i)	**Basic Salary**	Rs. 100 lakhs per annum (increased from Rs. 84 lakhs per annum)
(ii)	**Incentive Pay**	Subject to maximum of Rs. 25 lakhs per annum to be decided by the Board of Directors / Nomination & Remuneration Committee depending on performance of the Company.
(iii)	**Perquisites (Including Allowances)**	
	Leave Travel Allowance	The yearly payment in the form of allowance shall be equivalent to one month's basic salary.
	Magazines/ Books Allowance	Rs. 50,000/- per annum
	Gas/ Electricity/ Maintenance Allowance	Rs. 96,000/- per annum

	Medical Reimbursement	Expenditure incurred by the Chairman and Managing Director and his family
	Club Fees	Actual fees for maximum of two clubs. Admission fee and life membership fees will not be paid by the Company.
	Leave	As per Company Rules
	Encashment of leave	As per Company Rules
	Car with Driver	For use on the Company's business
	Telephone	At residence and cellular phones. Personal long distance calls to be charged and recovered by Company.

The aggregate of the remuneration and perquisites as aforesaid in any financial year shall not exceed the limit from time to time under section 197, Section 198 and other applicable provisions of the Act and rules made thereunder, read with Schedule V of the Act or any statutory modification(s) or re-enactment thereof for the time being in force or otherwise as may be permissible by law.

RESOLVED FURTHER THAT when, in any financial year, the Company has no profits or its profits are inadequate, the remuneration including the perquisites as aforesaid will be paid to the Chairman & Managing Director in accordance with the applicable provisions of Schedule V of the Act.

RESOLVED FURTHER THAT the Board of Directors of the Company or any Committee thereof (hereinafter referred as "the Board") be and is hereby also authorized to amend, alter, modify or otherwise vary the aforesaid terms and conditions/or remuneration of Mr. Pradeep Goyal,Chairman and Managing Director of the Company from time to time.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to obtain necessary Regulatory approvals (if applicable), to accept any modification to the aforesaid terms of remuneration of Chairman and Managing Director and to do all such other acts, deeds, matters and things as it may in absolute discretion deem fit for the purpose of giving effect to this resolution, including to delegate powers of the Board granted by this resolution to any committee of Directors, or any Director or Secretary of the Company.

RESOLVED FURTHER THAT the Board of Directors of the Company or any Committee thereof be and is hereby authorized to do all such acts, deeds, matters and things as in its absolute discretion it may think necessary, expedite or desirable; to settle any question that may arise in relation thereto in order to give effect to the foregoing resolution."

Place: Navi Mumbai
Date: 15th May, 2019

By order of the Board of Directors
For PRADEEP METALS LTD

Sd/-
Nivedita Nayak
Company Secretary & Compliance Officer
Membership No.: F8479

REGISTERED OFFICE:
R-205, MIDC, Rabale, Navi Mumbai - 400 701
Tel: +91-22-27691026 Fax: +91-22-27691123
Email: investors@pradeepmetals.com
Website: www.pradeepmetals.com
CIN: L99999MH1982PLC026191

NOTES

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING (AGM) IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/ HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.**

   The instrument appointing the proxy, in order to be effective, must be deposited at the Registered Office of the Company, duly completed, signed and stamped not less than **FORTY EIGHT HOURS (48)** before the commencement of the meeting viz. upto 3.00 p.m. on 8th August, 2019. Proxies / authorizations submitted on behalf of limited companies, body corporate, societies etc., must be supported by appropriate resolutions/ authority, as applicable.

   A person can act as proxy on behalf of Members not exceeding fifty (50) and holding in the aggregate not more than 10% of the total share capital of the Company. A Member holding more than 10% of the total share capital of the Company may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder. A Proxy Form is annexed to this Notice.

2. The relevant Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 ("Act") setting out all material facts relating to Special Business to be transacted at the meeting is annexed herewith and the same should be taken as part of this Notice. The relevant details as required under Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), and Secretarial Standards on General Meeting issued by the Institute of Company Secretaries of India, of the person seeking appointment/ re-appointment as Director, are also annexed.

3. The Company has appointed Ms. Shweta Gokarn, Practicing Company Secretary (Certificate of Practice Number - 11001) to act as a Scrutinizer, for conducting the remote E-Voting process and to conduct voting/poll at AGM, in a fair and transparent manner.

4. The Register of Members and Share Transfer Books of the Company will be closed from 3rd August, 2019 to 9th August, 2019 (both days inclusive).

5. During the period beginning 24 hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting, a Member would be entitled to inspect the proxies lodged at any time during the business hours of the Company, provided that not less than three days' notice in writing is given to the Company.

6. Members holding shares in dematerialized form are requested to intimate all changes pertaining to their bank details such as bank account number, name of the bank and branch details, MICR code, IFSC Code, mandates, nominations, power of attorney, change of address, change of name, e-mail address, contact numbers, etc., to their Depository Participant (DP). Changes intimated to the DP will then be automatically reflected in the Company's records which will help the Company and the Company's Registrars and Transfer Agent i.e. Link Intime India Private Limited (LIIPL), C 101, 247 Park, LBS Marg, Vikhroli (West) Mumbai 400 083,to provide efficient and better services. Members holding shares in physical form are requested to intimate such changes to LIIPL.

   The Securities and Exchange Board of India ("SEBI") has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit PAN to their depository participants with whom they are maintaining their Demat accounts. Members holding shares in physical form can submit their PAN details to LIIPL.

7. Members holding shares in physical form in identical order of names in more than one folio are requested to send to the Company or LIIPL, the details of such folios together with the Share Certificates for consolidating their holding in one folio. A consolidated share certificate will be returned to such Members after making requisite changes thereon.

8. Members holding shares in physical form are requested to consider converting their holdings in dematerialized form to eliminate all risks associated with physical shares and for ease of portfolio management. Members can contact the Company or LIIPL for assistance in this regard.

9. Members seeking any information with regard to the Accounts, are requested to write to the Company at investors@pradeepmetals.com at least 10 (Ten) days before the Meeting, so as to enable the Management to keep the information ready at the AGM.

10. In case of joint holders attending the meeting, the Member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote.
11. The Notice of the AGM along with the Annual Report for financial year 2018-19 is being sent by electronic mode to those Members whose e-mail addresses are registered with the Company/ Depositories, unless any Member has requested for a physical copy of the same. For Members who have not registered their e-mail addresses, physical copies are being sent by the permitted mode. The Notice is being sent to all Members whose names would appear in the Register of Members as on 5th July, 2019 and to the Directors and Auditors of the Company.
12. Members may note that the electronic copy of the 36th Annual Report (including the AGM Notice) will also be available on Company's website i.e. www.pradeepmetals.com for their reference.
13. All documents referred to in this Notice and Explanatory Statements are open for inspection at the Registered Office of the Company on all working days, between 10.00 AM and 01.00 PM up to date of the Annual General Meeting except on Sundays and holidays.
14. Members/ Proxies/ authorized representatives are requested to bring their copies of the Annual Report to the meeting along with duly filled in attendance slips mentioning therein details of their DP ID and Client ID/ Folio No. for attending the meeting.
15. Members wishing to claim dividends that remain unclaimed are requested to correspond with the Registrar and Share Transfer Agents or to the Company Secretary, at the Company's registered office. Members are requested to note that dividends that are not claimed within seven years from the date of transfer to the Company's Unpaid Dividend Account, will, as per Section 124 of the Companies Act, 2013, be transferred to the Investor Education and Protection Fund (IEPF). Shares on which dividend remains unclaimed for seven consecutive years will be transferred to the IEPF as per Section 124 of the Act, and the applicable rules.
16. The Company's Equity shares are the Script which Securities and Exchange Board of India (SEBI) has specified for settlement only in dematerialized form by all investors.
17. A route map showing directions to reach to the venue of the 36th Annual General Meeting is given at the end of this notice as per the requirement of Secretarial Standards on General Meeting(SS-2).
18. To support 'Green Initiative', Members who have not registered their email addresses are requested to register the same with DPs / LIIPL.

Updation of Members' Details:

The format of the Register of Members prescribed by the Ministry of Corporate Affairs under the Companies Act, 2013 requires the Company/ Registrars and Transfer Agents to record additional details of Members, including their Permanent Account Number (PAN) details, e-mail address, Bank Account details for payment of Dividend etc. Further, the Securities and Exchange Board of India has mandated submission of PAN by every participant in the Securities market.

A form for capturing the above details is appended to the AGM notice. Members holding shares in physical format are requested to submit the filled-in form to the Company or its Registrar and Transfer Agents. Members holding shares in electronic format are requested to submit the details of their respective Depository Participants.

VOTING THROUGH ELECTRONIC MEANS

Registered Folio No./ DP ID No./ Client ID:	Number of Shares held:

Instructions for shareholders to vote electronically:

I. Pursuant to the provisions of Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended by the Companies (Management and Administration) Amendment Rules, 2015, and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is pleased to provide e-voting facility to the Members to cast their votes electronically on all resolutions set forth in the Notice convening the 36th Annual General Meeting to be held on Saturday, 10th August, 2019 at 3.00 p.m., by electronic means and the business may be transacted through e-voting services. The Company has engaged the services of Link intime India Private Limited (LIIPL) to provide the e-voting facility. The Notice is displayed on the Company's website www.pradeepmentals.com and on the website of LIIPL www.linkintime.co.in

II. The facility for voting through Polling Paper will also be made available at the AGM and the Members attending the AGM who have not already cast their votes by remote e-voting, shall be able to exercise their right at the AGM through polling paper.

III. The Members who have cast their votes by remote e-voting prior to AGM may also attend AGM but shall not be entitled to cast their vote again.

IV. The remote e-voting facility will be available during the following voting period:

Commencement of e-voting	End of e-voting
7th August, 2019 (9.00 a.m.)	**9th August, 2019 (5.00 p.m.)**

During this period, Members' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of 2nd August, 2019, may cast their vote by remote e-voting. The remote e-voting module shall be disabled by LIIPL for voting thereafter. Once the vote on a resolution is cast by the Member, they shall not be allowed to change it subsequently.

Please read the instructions printed below before exercising your vote. These details and instructions form an integral part of the Notice for the Annual General Meeting to be held on 10th August, 2019.

V. **Log-in to e-Voting website of Link Intime India Private Limited (LIIPL)**

1. Visit the e-voting system of LIIPL. Open web browser by typing the following URL: https://instavote.linkintime.co.in.
2. Click on "Login" tab, available under 'Shareholders' section.
3. Enter your User ID, password and image verification code (CAPTCHA) as shown on the screen and click on "SUBMIT".
4. Your User ID details are given below:
   a. **Shareholders holding shares in demat account with NSDL:** Your User ID is 8 Character DP ID followed by 8 Digit Client ID
   b. **Shareholders holding shares in demat account with CDSL:** Your User ID is 16 Digit Beneficiary ID
   c. **Shareholders holding shares in Physical Form (i.e. Share Certificate):** Your User ID isEvent No + Folio Number registered with the Company
5. Your Password details are given below:
   If you are using e-Voting system of LIIPL: https://instavote.linkintime.co.in for the first time or if you are holding shares in physical form, you need to follow the steps given below:

Click on "Sign Up" tab available under 'Shareholders' section register your details and set the password of your choice and confirm (The password should contain minimum 8 characters, at least one special character, at least one numeral, at least one alphabet and at least one capital letter).

	For Shareholders holding shares in Demat Form or Physical Form
PAN	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (applicable for both demat shareholders as well as physical shareholders). • Members who have not updated their PAN with depository Participant or in the company

	record are requested to use the sequence number which is printed on Ballot Form / Attendance Slip indicated in the PAN Field.
DOB/ DOI	Enter the DOB (Date of Birth)/ DOI as recorded with depository participant or in the company record for the said demat account or folio number in dd/mm/yyyy format.
Bank Account Number	Enter the Bank Account number as recorded in your demat account or in the company records for the said demat account or folio number. • Please enter the DOB/ DOI or Bank Account number in order to register. If the above mentioned details are not recorded with the depository participants or company, please enter Folio number in the Bank Account number field as mentioned in instruction (iv-c).

If you are holding shares in demat form and had registered on to e-Voting system of LIIPL: https://instavote.linkintime.co.in, and/or voted on an earlier voting of any company then you can use your existing password to login.

If Shareholders holding shares in Demat Form or Physical Form have forgotten password:

Enter User ID, select Mode and Enter Image Verification code (CAPTCHA). Click on "SUBMIT".

Incase shareholder is having valid email address, Password will be sent to the shareholders registered e-mail address. Else, shareholder can set the password of his/ her choice by providing the information about the particulars of the Security Question & Answer, PAN, DOB/ DOI, Dividend Bank Details etc. and confirm. (The password should contain minimum 8 characters, at least one special character, at least one numeral, at least one alphabet and at least one capital letter)

NOTE: The password is to be used by demat shareholders for voting on the resolutions placed by the company in which they are a shareholder and eligible to vote, provided that the company opts for e-voting platform of LIIPL.

For shareholders holding shares in physical form, the details can be used only for voting on the resolutions contained in this Notice.

It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

❖ **Cast your vote electronically**

6. After successful login, you will be able to see the notification for e-voting on the home page of INSTA Vote. Select/ View "Event No" of the company, you choose to vote.
7. On the voting page, you will see "Resolution Description" and against the same the option "Favour/ Against" for voting.

   Cast your vote by selecting appropriate option i.e. Favour/ Against as desired.

   Enter the number of shares (which represents no. of votes) as on the cut-off date under 'Favour/ Against'. You may also choose the option 'Abstain' and the shares held will not be counted under 'Favour/Against'.
8. If you wish to view the entire Resolution details, click on the 'View Resolutions' File Link.
9. After selecting the appropriate option i.e. Favour/Against as desired and you have decided to vote, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "YES", else to change your vote, click on "NO" and accordingly modify your vote.
10. Once you confirm your vote on the resolution, you will not be allowed to modify or change your vote subsequently.
11. You can also take the printout of the votes cast by you by clicking on "Print" option on the Voting page.

❖ **General Guidelines for shareholders:**

- Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to e-Voting system of LIIPL: https://instavote.linkintime.co.in and register themselves as **'Custodian / Mutual Fund / Corporate Body'**.

  They are also required to upload a scanned certified true copy of the board resolution /authority letter/power of attorney etc. together with attested specimen signature of the duly authorized representative(s) in PDF format in the **'Custodian / Mutual Fund / Corporate Body' login** for the

Scrutinizer to verify the same.

- During the voting period, shareholders can login any number of time till they have voted on the resolution(s) for a particular “Event”.
- Shareholders holding multiple folios/ demat account shall choose the voting process separately for each of the folios/demat account.
- In case the shareholders have any queries or issues regarding e-voting, please refer the Frequently Asked Questions (“FAQs”) and Instavote e-Voting manual available at https://instavote.linkintime.co.in, under Help section or write an email to enotices@linkintime.co.in or Call us **:-** Tel : 022 - 49186000.

ANNEXURE TO THE NOTICE

Explanatory Statement Pursuant to Section 102 of the Companies Act, 2013

Item no. 4

Appointment of Ms. Nandita Nagpal Vohra (DIN: 06962408), as Independent (Non-Executive) Director

Subsequent to resignation tendered by Mr. Jaidev R. Shroff as an Independent Director of the Company w.e.f. 30th September, 2018, Ms. Nandita Nagpal Vohra was appointed by the Board of Directors by way of Circular Resolution as an Additional Director (in the capacity of Independent Director) of the Company w.e.f. 28th December, 2018 to hold the office till the conclusion of ensuing Annual General Meeting.

Ms. Nandita Nagpal Vohra is a Commerce Graduate (Hons.) from MCM DAV College, Chandigarh. She has done Masters of Business Administration from FMS, Delhi (1995). During her professional career of last 24 years, she has been associated with entities such as Asian Development Bank, The World Bank, L&T Infrastructure Finance Company Ltd., Feedback Ventures Pvt. Ltd., Kotak Mahindra Capital Company and CRISIL. Ms. Vohra's profile is also being uploaded on the website of the Company.

Additional information in respect of Ms. Vohra, pursuant to the Listing Regulations 2015 and the Secretarial Standard on General Meetings, is appearing in the Annual Report and Accounts under the section Report on Corporate Governance. Ms. Nandita Vohra does not hold any shares in the Company, either in her individual capacity or on a beneficial basis for any other person.

Ms. Nandita Vohra has given a declaration to the Board that she meets the criteria of independence as provided under Section 149(6) of the Act. In the opinion of the Board, Ms. Nandita Vohra fulfills the conditions specified in the Act and the Rules framed thereunder for appointment as an Independent Director and is independent of the management.

In accordance with the provisions of Section 149 read with Schedule IV to the Companies Act, 2013, appointment of an Independent Director requires approval of Members. Based on the recommendation of the Nomination and Remuneration Committee, the Board of Directors in its Meeting held on 15th May, 2019 has proposed that Ms. Nandita Vohra be appointed as an Independent Director of the Company from the conclusion of this Annual General Meeting upto 27thDecember, 2023.

In addition to sitting fees for attending the meetings of the Board/ Committees, Ms. Vohra shall be entitled to remuneration by way of commission, as may be determined by the Board.

The terms and conditions of appointment of Ms. Nandita Vohra are available for inspection by the Members at the Registered Office of the Company on all working days (except Sundays and holidays) between 10:00 a.m. and 1.00 p.m. up to the date of the Annual General Meeting.

This Statement may also be regarded as a disclosure under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Except Ms. Nandita Vohra and her relatives, none of the Directors/ Key Managerial Personnel of the Company or their relatives is, in any way, concerned or interested, financially or otherwise, in passing of the Resolution.

The Board commends passing of the Resolution set out in Item No.4 of the accompanying Notice.

Item No. 5

Re-appointment Mr. Suresh G. Vaidya (DIN: 00220956) as an Independent Director for Second Term

The Members had at the 31stAnnual General Meeting held on 4th September, 2014 approved the appointment of Mr. Suresh G. Vaidya as an Independent Director of the Company for a period of five years with effect from the said date. Mr. Vaidya will complete his present term on conclusion of ensuing Annual General Meeting. Since Mr. Vaidya has already attained the age of Seventy-Five years and this being his appointment for second term as Independent Director, the approval of Members is being sought for by way of Special Resolution.

Mr. Vaidya is L.T.M, B.Text. and Fellow Member of Institute of Directors and has wide experience in revival of sick units as well as managing the profit-making units. His continued association would benefit the Company, given his knowledge, experience and performance and contribution to Board processes.

Additional information in respect of Mr. Vaidya, pursuant to the Listing Regulations 2015 and the Secretarial Standard on General Meetings, is appearing in the Report and Accounts under the section Report on Corporate Governance. Mr. Vaidya does not hold any share in the Company, either in his individual capacity or on a beneficial basis for any other person.

Mr. Suresh G. Vaidya, has given a declaration to the Board that he meets the criteria of independence as provided under Section 149(6) of the Act. In the opinion of the Board, Mr. Suresh G. Vaidya fulfills the conditions specified in the Act and the Rules framed there under for appointment as an Independent Director and is independent of the management.

The Board of Directors of the Company ('the Board') at its meeting held on 15th May, 2019, on the recommendation of the Nomination & Remuneration Committee, recommended for the approval of the Members, the re-appointment of Mr. Vaidya as an Independent Director of the Company, in terms of Section 149 read with Schedule IV of the Companies Act, 2013 ('the Act'), and Regulation 17 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations 2015') and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Amendments) Regulations, 2018 ('Listing Amendment Regulations 2018'), or any amendment thereto or modification thereof.

In addition to sitting fees for attending the meetings of the Board and its Committees, Mr. Vaidya would be entitled to remuneration by way of commission, as may be determined by the Board.

Except Mr. Vaidya and his relatives none of the Directors/ Key Managerial Personnel of the Company or their relatives is, in any way, concerned or interested, financially or otherwise, in passing of the Resolutions.

The Board commends passing of the Resolution set out at Item No. 5 of the accompanying Notice.

Item No. 6

Approve the remuneration of the Cost Auditors for the financial year ending 31st March, 2020

The Board of Directors has appointed MKJ & Associates, Cost Accountant (Firm Registration No. 001352), as the Cost Auditor of the Company for conducting the audit of cost records for FY 2018-19. Considering their satisfactory performance, the Board of Directors, on the recommendation of the Audit Committee at its meeting held on 15th May, 2019, approved the appointment of MKJ & Associates, Cost & Management Accountants, (Firm Registration No. 001352), to conduct the audit of the cost records of the Company for the financial year ending 31st March, 2020 at a remuneration of Rs.1,25,000/- (Rupees One lakhs twenty five thousand Only) plus applicable taxes and reimbursement of out of pocket expenses at actual. In accordance with the provisions of Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, consent of the Members is sought by passing an Ordinary Resolution, as set out at Item No. 6 of the Notice, for the remuneration payable to the Cost Auditors for the financial year ending 31st March, 2020.

The Board commends passing of the Resolution set out at Item No. 6 of the accompanying Notice.

Item Nos. 7& 8

To ratify/approve the remuneration paid/payable to Mr. Abhinav Goyal holding office or place of profit

Mr. Abhinav Goyal, aged 35 years,is employed with Dimensional Machine Works, LLC, Houston, USA (DMW),100% Step-down Subsidiary of Company. He is son of Mr. Pradeep Goyal (Chairman and Managing Director) and Mrs. Neeru P. Goyal, (Director) of Company and belongs to the Promoter Group.

Mr. Abhinav Goyal is a Bachelor of Science (Computer Engineering) from California Polytechnic State University, San Luis Obispo, CA and MBA from Corneil University. Mr. Abhinav Goyal has worked with CISCO Systems, CSC Consulting as consultant for 4 years. Mr. Abhinav Goyal was appointed as Vice President (Business Development and Technology) of Pradeep Metals Limited (PML) for a period of 5 years w.e.f. 1st September, 2012 in terms of Special Resolution passed at Extra Ordinary General Meeting held on 29th December, 2012.

During the period of his employment in the Company, he was engaged in installation of ERP systems in the field of production planning, inventories management and improvement of systems and procedures in the spheres of marketing and information systems. He was also responsible to enhance the brand equity of the Company to provide better customer relationship and was involved in the plant layout reorganization to bring Lean Concepts in Manufacturing. On acquisition of 51% shares in JV Company i.e. DMW, the Board of Directors deemed fit to depute Mr. Abhinav Goyal to look after operations of DMW as well as affairs of Pradeep Metals Ltd, Inc, Houston, USA, Wholly Owned Subsidiary (WOS) in April 2015. Mr. Abhinav Goyal has been working as the President of DMW since 1st May, 2015, looking after strategic planning, production and marketing operations of DMW.

DMW was started as a Joint Venture with DOS Vision Investments, LLC and Do Van Nguyen in January, 2015 in the ratio of 51:49. In financial year 2016-17, certain disputes arose with 49% JV Partner which were settled out of court in financial year 2017-18. In terms of settlement with the erstwhile JV partners, DMW became 100% subsidiary of the WOS w.e.f. 27th September, 2016.

The summarized financial performance of DMW for last 4 years is appended below:

(USD in thousands)

	2015-16	2016-17	2017-18	2018-19
Total Revenue	3150	1583	2782	1527
EBIDTA	(293)	(766)	(277)	(534)
Profit/ (Loss) before tax	(451)	(1069)	(614)	(886)

The plant of DMW has now been shifted to new site as part of settlement and operations have stabilized. The business of DMW continues to be manufacturing oils field equipments and accessories. It has now planned to diversify its activities towards other engineering products and has been able to develop new customers for engineering products. Mr. Abhinav Goyal has been instrumental in developing new customers and products.

In spite of enormous responsibilities and duties performed by Mr. Abhinav Goyal, he has been drawing salary at a lower level as compared to scale of remuneration prevailing in the State of Houston, USA. The amount of remuneration drawn by him during last four financial years is as under:

YEAR	AMOUNT (USD)	AMOUNT (Rs in lakhs)
2015-16	1,03,743	Rs. 67.91
2016-17	86,538	Rs. 58.06
2017-18	78,169	Rs. 50.25
2018-19	1,11,403	Rs. 77.63

DMW has decided to increase the remuneration payable to Mr. Abhinav Goyal from USD 9,284 per month to USD 14,000 per month (i.e. USD 1,68,000 per annum) payable to Mr. Abhinav Goyal w.e.f. 1st April, 2019 for a period of 3 years as follows:

Basic: USD 10,000 per month

House and Allowances: USD 4,000 per month

Strictly speaking, the provisions of Section 188 of Companies Act, 2013 are not applicable as PML has neither paid nor will be paying directly or indirectly any remuneration to Mr. Abhinav Goyal working with DMW as President. However, as Mr. Abhinav Goyal is related to Mr. Pradeep Goyal (Chairman & Managing Director) and Mrs. Neeru P. Goyal (Director) and belongs to Promoter Group, the approval of Members has been sought as Good Corporate Governance.

In terms of the provisions of Section 188, approval of Members is being sought for ratification of and for holding office or place of profit and for payment of remuneration to Mr. Abhinav Goyal as aforesaid. He will be paid remuneration of USD 14,000 per month (i.e USD 1,68,000 per annum) for a period of three years from 1st April 2019 to 31st March 2022.

Except Mr. Pradeep Goyal, Mrs. Neeru P. Goyal and Mrs. Neha Goyal, being relatives of Mr. Abhinav Goyal, none of the Directors/ Key Managerial Personnel of the Company or their relatives is, in any way, concerned or interested, financially or otherwise, in passing of the Resolutions.

The Board commends passing of the Resolutions set out at Item Nos. 7 & 8 of the accompanying Notice.

Item Nos. 9 & 10

To ratify/approve the remuneration paid/payable to Mrs. Neha Goyal holding office or place of profit

Mrs. Neha Goyal,aged 33 years, is employed with Dimensional Machine Works, LLC, Houston, USA (DMW), 100% Step- down Subsidiary of Company w.e.f 1st January, 2019. She is related to Mr. Pradeep Goyal (Chairman and Managing Director) and Mrs. Neeru P. Goyal (Director) of Company and belongs to the Promoter Group.

Mrs. Neha Goyal is Bsc. Business Administration (Finance Concentration) from Carnegie Mellon University, Tepper School of Business, Pittsburgh, USA and Msc. Risk Management and Financial Engineering from Imperial College Business School, London, UK.

Ms. Neha Goyal is acting as Accounting, Human Resource, Purchase Officer and looking after Book Keeping, Human Resource and Recruitment activities. She is also looking after warehousing activities of Pradeep Metals Limited, Inc, wholly owned subsidiary Company. In spite of enormous responsibilities and duties performed by Ms. Neha Goyal, she has been drawing very low remuneration as compared to the norms prevailing in USA, pending stabilization of operation of Dimensional Machine Works, LLC.

The amount of remuneration drawn by her in the FY 2018-19 is appended below:

YEAR	AMOUNT(USD)	AMOUNT (Rs in lakhs)
2018-19	27,764	Rs. 19.34

Looking to the encouraging response and receipt of orders from customers, the operation of Dimensional Machine Works, LLC are reported to improve substantially during the year.

She will be paid remuneration of USD 9,000 per month (i.e. USD 1,08,000 per annum) for a period of three years from 1st April 2019 to 31st March 2022.

Strictly Speaking, the provisions of Section 188 of Companies Act, 2013 are not applicable as Company has neither paid nor will be paying directly or indirectly any remuneration to Mrs. Neha Goyal working with DMW as Accounting, Human Resource and Purchase Officer. However, as Mrs. Neha Goyal is related to Mr. Pradeep Goyal (Chairman & Managing Director) and Mrs. Neeru P. Goyal (Director) and belongs to Promoter Group, the approval of Members has been sought as Good Corporate Governance.

In terms of the provisions of Section 188, approval of Members is being sought for ratification of and for holding office or place of profit and for payment of remuneration to Mrs. Neha Goyal as aforesaid.

Except Mr. Pradeep Goyal, Mrs. Neeru P. Goyal, and Mr. Abhinav Goyal being relatives of Mrs. Neha Goyal, none of the Directors/ Key Managerial Personnel of the Company or their relatives is, in any way, concerned or interested, financially or otherwise, in passing of the Resolutions.

The Board commends passing of the Resolutions set out at Item Nos. 9 & 10 of the accompanying Notice.

Item No. 11

Approve Payment of Commission to Directors other than Managing Director and Directors from Promoter Group:

The Non-Executive Directors of the Company bring with them significant professional expertise and rich experience across a wide spectrum of functional areas such as corporate strategy, resources, information systems, technology and finance. They also bring an external and wider perspective in Board deliberations and decisions. The role and responsibilities of the Non-Executive Directors have undergone significant changes under Corporate Governance norms and made it more onerous for them, demanding their greater involvement in the supervision of the Company. The Board of Directors of the Company is of the view that the Non-Executive Directors should be compensated for their expert advice, guidance and time devoted for the growth and prosperity of the Company.

Approval for the Members for payment of commission not exceeding 1% of the Net Profit of Company to the Non-Executive Directors as mentioned in the Resolution was taken in Annual General Meeting held on 4th September, 2014 for a period of five years commencing from financial year 2014-15 to 2018-19. Accordingly, approval of the Members is being sought by way of an Ordinary Resolution under the applicable provisions of the Companies Act, 2013 and Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, for payment of commission to the Non-Executive Directors of the Company (other than the Directors who belong to the Promoters' Group) as mentioned in the Resolution.

All the Non-Executive Directors of the Company (other than those form the Promoters' Group) and their relatives are deemed to be concerned or interested in the proposed Resolution to the extent of the remuneration that may be received by them.

None of the other Directors or Key Managerial Personnel of the Company either directly or through their relatives is, in any way, concerned or interested, whether financially or otherwise, in the proposed Resolution.

The Board commends passing of the Resolution set out at Item No. 11 of the accompanying Notice.

Item No. 12

Approve revision in remuneration of Mr. Pradeep Goyal, Chairman and Managing of the Company (DIN: 00008370):

Mr. Pradeep Goyal was re-appointed as Chairman and Managing Director of the Company for a period of 3 years w.e.f.17th December, 2017. In view of the astronous efforts being put in by Mr. Goyal, improved performance of the Company in financial year 2018-19 and expected growth in the following years and to bring his remuneration at par with industry standards, it is proposed to increase his remuneration for the remaining tenure of his appointment i.e. from 1st April, 2019 till 16th December, 2020. The Nomination & Remuneration Committee, at its meeting held on 15th May, 2019, has approved and recommended the increase in the remuneration payable to Mr. Pradeep Goyal and the same was duly approved by the Board of Directors subject to approval of Members. The details of the revised remuneration payable is given in the resolution set forth at Item No.12 of the Notice.

In accordance with Section 196, 197 read with Schedule V (as amended) and applicable rules under the Companies Act, 2013, the approval of the Members is being sought for the said increase in remuneration payable to Mr. Pradeep Goyal.

The information as required under Part II Section II (A)(iv) of Schedule V of the Companies Act, 2013 is given below:

I. General Information			
Sr. No.	**Particulars**	**Information**	
1.	Nature of Industry	Manufacturer and Exporter of closed die forged and machined components.	
2.	Date or expected date of commencement of commercial production.	The Company is an existing company and carrying out business for more than 30 years.	
3.	In case of a new company, expected date of commencement of activities as per project approved by Financial Institutions appearing in the prospectus.	Not Applicable	
4.	Financial Performance (standalone) based on given Indicators	Financial year 2018-19: Gross Revenue : Rs. 17,610.72 Lakhs Profit before Interest, Depreciation and Tax: Rs. 2,815.93 lakhs Profit after Tax (Before OCI): Rs. 1,193.88 Lakhs Rate of Dividend: 10% Earnings per Share: Rs. 6.91	
5.	*Foreign Investments or Collaborations, if any (as on 31st March, 2019)	1. Investment in Pradeep Metals Limited Inc, Houston, USA (WOS)	a) Equity/Investment: Rs. 879.10 lakhs (At cost) b) Loan: Rs. 172.89 lakhs (USD 2,50,000) c) Corporate Guarantees/ Securities Furnished: Rs. 1708.13 lakhs (USD 2,470,000)

*Exchange Rate of USD 1= Rs.69.155 for FY 2018-19

II. General Information

Sr. No.	Particulars	Information
1.	Background details	Mr. Pradeep Goyal is associated with the Company since its incorporation. He is a qualified engineer having completed his B. Tech (Metallurgy) from Indian Institute of Technology, Kanpur (1978) and obtained his S.M. (Materials Science and Engineering) from the world renowned Massachusetts Institute of Technology, Cambridge, MA, USA, (1980).
2.	Past Remuneration	The remuneration drawn by Mr. Pradeep Goyal during the past two years is as follows: Year — Rs. In Lakhs FY 2017-18 — Rs. 84 lakhs p.a. plus Rs. 39,600 perquisites p.a FY 2018-19 — Rs. 84 lakhs p.a. plus Rs. 39,600 perquisites p.a and Rs. 25 lakhs Incentive pay
3.	Recognition or Awards	Mr. Pradeep Goyal was awarded the 1st Rank in Metallurgy at I.I.T., Kanpur and received Silver Medal from the President of India. Best Student Metallurgist Award was conferred on him by the Indian Institute of Metals in 1978. He is the recipient of several awards and scholarships all through his career.
4.	Job Profile and his suitability	Mr. Pradeep Goyal is associated with Company since its incorporation and he is on its Board of Directors since the year 1983. He has been acting as Managing Director of the Company since 17th December, 2000. In 2010, he was elevated as Chairman & Managing Director of the Company. The Company has been growing due to his technical, marketing and managerial expertise.
5.	Comparative Remuneration Profile with respect to industry; size of Company; profile and position of the person	Considering the qualification and experience of Mr. Pradeep Goyal and looking to the considerable growth of the Company, its increasing revenue and the responsibilities shouldered by him, the remuneration proposed to be paid is commensurate with the remuneration packages paid to similar level counterpart(s) in the Industry.
6.	Pecuniary relationship directly or indirectly with the Company or relation with Managerial Person	Mr. Pradeep Goyal belongs to the Promoter Group and is related to Mrs. Neeru P. Goyal, Director. Besides remuneration being paid/ proposed to be paid, he does not have any pecuniary relationship with the Company.

III. Other Information

Sr. No.	Particulars	Information
1.	Reasons of loss or inadequate profits	NA
2.	Steps taken or proposed to be taken for improvement	NA
3.	Expected increase in productivity and profits in measurement terms	Considering the market conditions prevailing globally and efforts made by the management to develop new products

		and customers and, barring unforeseen circumstances, the Company expects to achieve improved revenue and profitability in next 2 years.

IV. Disclosures		
Sr. No.	**Particulars**	**Information**
1.	Remuneration package of the appointee	As per the terms and conditions given in the Special Resolution and its Explanatory Statement under Item No. 12
2.	Details of fixed component and performance linked	Disclosure on all elements of remuneration package of all the Directors of the Company have been made in the Corporate Governance Report which forms a part of the Annual Report of the Company for FY 2018-19.
3.	Service Contract, Notice Period, Severance Fees	NA
4.	Stock Options details, if any, and whether the same has been issued at a discount as well as the period over which accrued and over which exercisable.	NA

Considering Mr. Pradeep Goyal's qualifications, experience, expertise, responsibilities shouldered by him, the rising volume of Company's business and profits earned by it, the proposed remuneration can be considered as reasonable.

Except Mr. Pradeep Goyal and Mrs. Neeru P. Goyal, none of the other Directors / Key Managerial Personnel of the Company and their relatives is, anyway, concerned or interested, financially or otherwise, in this Resolution. Further, Mr. Pradeep Goyal holds 9.13% shareholding of the Company and belongs to the Promoters Group.

The above Explanatory Statement shall be construed as an abstract of the terms of the appointment / re-appointment / variations, together with a Memorandum of interest or concern of the interested Directors, as prescribed under Section 190 of the Companies Act, 2013.

The Board commends passing of the Resolution set out at Item No. 12 of the accompanying Notice.

By order of the Board of Directors
For PRADEEP METALS LTD

Sd/-
Nivedita Nayak
Company Secretary
Membership No.: F8479

Place: Navi Mumbai
Date: 15th May, 2019

DIRECTORS' REPORT

Your Directors are pleased to present the Thirty Sixth Annual Report together with the Audited Financial Statements for the year ended 31st March, 2019.

1. **FINANCIAL RESULTS:**

   The Company's standalone financial performance for the year ended 31st March, 2019 is summarized below:

(Rs. In lakhs)

Year Ended	31.03.2019	31.03.2018
Total Income	17610.72	14,551.10
Less: Excise Duty	-	91.26
Net Income	17610.72	14,459.84
Profit / (loss) before Depreciation	2122.08	1,588.31
Less: Depreciation & amortization expenses	443.81	415.65
Profit before taxes	**1678.26**	**1172.66**
Less: Provision for taxes	484.38	353.32
Profit after tax for the year	**1193.88**	**819.34**
Other Comprehensive Income (Net of Taxes)	(27.45)	(7.97)
Total Comprehensive Income	**1166.43**	**811.37**

2. **RESULTS OF OPERATIONS AND THE STATE OF COMPANY'S AFFAIRS:**

   Your Company achieved Revenues from Operations and Other Income (net of GST/ Excise Duty) of Rs. 17610.72 lakhs during the financial year ended 31st March, 2019, an increase of 21.79% over the previous year. Profit before taxes & prior period items for the year has increased by 43.12% and Profit after taxes by 45.71% during the year under review due to better recovery, Product-mix, Production Planning and cost controls.

   Detailed analysis and future outlook of the Company's business are dealt in the Management Discussion and Analysis Report.

3. **DIVIDEND:**

   Your Directors recommend a Dividend of 10% i.e. Re. 1 per Equity share of Rs. 10/- each for the financial year ended 31st March, 2019.

4. **TRANSFER TO RESERVES:**

   No amount has been transferred to the General Reserve.

5. **MANAGEMENT'S DISCUSSION AND ANALYSIS REPORT:**

   Management's Discussion and Analysis Report for the year under review, in terms of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the "Listing Regulations") and SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018 (the "Amended Listing Regulations"), is presented in a separate section forming part of the Annual Report.

6. **SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES:**

   The Company has one Wholly Owned Subsidiary namely Pradeep Metals Limited, Inc., Houston, USA (the WOS) and one 100% Step-down Subsidiary namely Dimensional Machine Works, LLC, Houston, USA (the SDS). Financials of both the subsidiaries are included in the Consolidated Financial Statements, which are prepared in accordance with the relevant Accounting Standards issued by the Institute of Chartered Accountants of India and forms part of this Report.

   The WOS is engaged in warehousing and marketing the products manufactured by the Company, whereas the SDS is manufacturing components mainly for the Oil & Gas industry in USA. The total income of the

WOS and the SDS was Rs. 3,522.91 lakhs and Rs. 1,064.34 lakhs for the current year as compared to Rs. 2,147.45 lakhs and Rs. 1,796.58 lakhs for the previous year, respectively. The combined loss before taxes of both the subsidiaries amounted of Rs. 410 lakhs in the year as compared to loss of Rs. 309 lakhs in the previous year. The performance is expected to improve substantially in view of improved market conditions in USA and development of new customers & products. The performance would have been better but for the shifting of plant of SDS in terms of settlement with the erstwhile JV partner and consequential additional expenditure and loss of production.

The consolidated Income of the Company (net of GST/ Excise Duty) is Rs.19,251.47 lakhs in the current year as compared to Rs.16,446.39 lakhs in the previous year, i.e. a growth of 17.06%. The consolidated Profit after taxes for the current year is Rs. 933.56 lakhs as compared to Profit of Rs. 452.93 lakhs in the previous year.

As required by the Companies (Accounts) Rules, 2014, a report on performance and financial position of each of the subsidiaries, included in the Consolidated Financial statements, is annexed to this Report as **Annexure A (Form No. AOC-1).**

Material Subsidiaries:

Pursuant to amended Regulation 16 (1) (c) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, “Material Subsidiary” means a subsidiary whose income or net worth exceeds ten percent of the consolidated income or net worth, respectively, of the Company and its Subsidiaries in the immediately preceding accounting year.

The Board of Directors of the Company has approved a Policy for determining material subsidiaries which is in line with the Listing Regulations as amended from time to time. The Policy was revised on 15th May, 2019 which is in lines with the amendments made to the Listing Regulations. The Policy has been uploaded on the Company’s website https://www.pradeepmetals.com/policies/. Since 1st April, 2019, both the subsidiaries of the Company fall under the definition of material subsidiaries as mentioned above.

7. DEPOSITS:

The Company has not invited or accepted any fixed deposits from the public and, as such, no amount of principal or interest was outstanding in respect thereof on the date of the Balance Sheet.

8. CREDIT RATING:

The Company’s financial discipline and prudence is reflected in the credit ratings ascribed by the rating agency as given below:

Rating Agency	CRISIL Limited dated 08.11.2018	CRISIL Limited dated 08.04.2019
Total Bank Loan facilities rated	Rs. 9,600 lakhs	Rs. 10,200 lakhs
Long-term Rating	CRISIL BB +/Positive(Outlook revised from “Negative and Rating Reaffirmed)	CRISIL BBB-/Stable (Upgraded from CRISIL BB+/Positive)
Short-term Rating	CRISIL A4+ (Reaffirmed)	CRISIL A3 (upgraded from CRISIL A4+)

9. SHARE CAPITAL:

During the year under review, there was no change in the Company’s Issued, Subscribed and Paid-up Equity Share Capital which consisted of 1,72,70,000 Equity Shares of Rs.10/- each as on 31st March, 2019.

The Company has issued only one class of Equity Shares and it has not issued shares with differential rights.

The Company has not issued any Equity Shares under Sweat Equity Share Capital or Employee Stock Option Scheme.

10. DIRECTORS AND KEY MANAGERIAL PERSONNEL:

At present, your Company has Eight (8) Directors consisting of Four (4) Independent Directors (of which one is Woman Director), One (1) Executive Director and Three (3) Non-Executive Directors (of which one is Woman Director).

Appointments:

Director:

- Based on the recommendation of Nomination and Remuneration Committee, the Board of Directors appointed Ms. Nandita Nagpal Vohra (DIN: 06962408) as an Additional Director in the category of Non-Executive/ Independent Director w.e.f. 28th December, 2018, to fill the casual vacancy caused due to resignation of Mr. Jaidev R. Shroff. Pursuant to the provisions of Section 161 of the Act, Ms. Nandita Nagpal Vohra will hold office up to the date of the ensuing Annual General Meeting. She has confirmed her eligibility and willingness to accept the office of Directorship of your Company, if appointed.

  In the opinion of your Directors, the qualifications and rich experience of Ms. Vohra would be useful to your Company. It is, therefore, considered prudent that your Company should continue to avail the services of Ms. Vohra and the Board recommends that the proposed resolution relating to the appointment of Ms. Nandita Nagpal Vohra as the Director of your Company be approved.

Chief Financial Officer:

- Ms. Kavita Choubisa Ojha is appointed as Chief Financial Officer of Company w.e.f. 14th November, 2018.

Company Secretary and Compliance Officer:

Consequent to the resignation of Mr. Harshad Babade, Company Secretary and Compliance Officer of the Company, Ms. Nivedita Nayak was appointed as Company Secretary and Compliance Officer of the Company w.e.f. 18th March, 2019.

Key Managerial Personnel:

Pursuant to the provisions of Section 203 of the Act, Mr. Pradeep Goyal, Chairman and Managing Director, Ms. Kavita Choubisa Ojha, Chief Financial Officer and Ms. Nivedita Nayak, Company Secretary and Compliance Officer are the Key Managerial Personnel of the Company as on the date of this Report.

Appointment of Director in Wholly Owned Subsidiary Companies:

Mr. Jayavardhan Dhar Diwan, Independent Director is appointed as a Director (called “Manager” as per USA Laws) of Pradeep Metals Ltd, INC , Houston, USA, Company’s Wholly Owned Subsidiary and Dimensional Machine Works LLC, Houston, USA, 100% Step down Subsidiary Company w.e.f. 31st March, 2019 pursuant to Regulation 24 (1) of SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018.

Re-appointments:

- In accordance with the provisions of Section 152(6) of the Companies Act, 2013 (“the Act”), Mrs. Neeru P. Goyal (DIN: 05017190), Non-Executive, Non-Independent Director, retires by rotation at ensuing Annual General Meeting (AGM) and, being eligible, has offered herself for re-appointment. Details of her background are given in the Corporate Governance Report, which forms part of this Annual Report.
- In accordance with the provisions of Section 149 read with Schedule IV of the Companies Act, 2013, and Regulation 17 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and based on recommendation of Nomination and Remuneration Committee, Mr. Suresh G. Vaidya (DIN: 00220956) who has already attained age of seventy-five years, is being re-appointed as an Independent Director of the Company for second term with effect from conclusion of ensuing Annual General Meeting upto 41st Annual General Meeting.

Cessation/Resignation:

- Mr. Rakesh Agarwal resigned as Chief Financial Officer of Company w.e.f. 12th May, 2018.
- Mr. Jaidev R. Shroff (DIN: 00191050) resigned as Independent Director of Company w.e.f. 30th September, 2018 for personal reasons.
- Mr. Harshad Babade, Company Secretary and Compliance Officer of the Company resigned w.e.f. 31st October, 2018.
- Mr. Dilip Dalvi resigned as Deputy Chief Financial Officer of Company w.e.f. 14th November, 2018.

11. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

The information required under Section 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is annexed to this Report as **Annexure B**.

12. DIRECTORS' RESPONSIBILITY STATEMENT:

In terms of the provisions of Section 134(3)(c) read with Section 134(5) of the Companies Act, 2013 ("the Act"), the Board of Directors, in respect of the year ended 31st March, 2019, hereby confirm that:

a. in the preparation of the annual accounts, the applicable accounting standards have been followed and there are no material departures;

b. they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period;

c. they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d. they have prepared the annual accounts on a going concern basis;

e. they have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and

f. they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

13. DECLARATION BY INDEPENDENT DIRECTORS:

- The Company has received declarations from all Independent Directors of the Company, confirming that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 and the Listing Regulations.
- In terms of Regulation 25(8) of SEBI Listing Regulations, they have confirmed that they are not aware of any circumstance or situation which exists or may be reasonably anticipated that could impair or impact their ability to discharge their duties as Independent Director.
- On the basis of declarations received from all Independent Directors, the Board of Directors has confirmed that they meet the criteria of independence as mentioned under Regulation 16(1)(b) of the SEBI Listing Regulations and that they are independent of the Management.

14. POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION ETC:

The Company has put in place appropriate policy on Directors' appointment and remuneration and other matters provided in Section 178(3) of the Companies Act, 2013.

The salient features of Company's policy on Directors' remuneration have been disclosed in the Corporate Governance Report, which forms part of this Report.

15. ANNUAL EVALUATION OF BOARD'S PERFORMANCE, ITS COMMITTEES AND INDIVIDUAL DIRECTORS:

Pursuant to the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and SEBI (Listing Obligations and Disclosure Requirements) Amendment Regulations, 2018 , the Board has carried out an annual performance evaluation of the working of its own performance, the Directors individually as well as evaluation of its Committees.

The Nomination and Remuneration Committee also reviewed the performance of Individual Directors, the Board as a whole, Committees of the Board and Chairman and Managing Director after taking into consideration feedback received from Directors. The evaluation was done on various parameters such as vision and strategy, participation, disclosures of interests, review of risk management policies and evaluating plans with reference to risk and return, good governance, leadership skills, operations, business development, human resources development, corporate communication etc. as per the structured questionnaire circulated to the Directors, taking into consideration the guidelines issued by SEBI. The feedback received from Directors were then consolidated and placed before the Committee / Board for its evaluation. The Directors expressed their satisfaction with the evaluation process.

16. CORPORATE GOVERNANCE AND VIGIL MECHANISM:

A detailed Report on Corporate Governance, pursuant to the requirements of Regulation 34(3) of the Listing Regulations forms an integral part of this Report. A Certificate from the Auditors of the Company, N. A. Shah Associates LLP, Chartered Accountants, confirming compliance with the conditions of Corporate Governance as stipulated under Schedule V (E) of the Listing Regulations, is annexed to this Report as **Annexure C**.

The Business Responsibility Reporting as required by Regulation 34(2) of the Listing Regulations is not applicable to the Company for the financial year ending 31st March, 2019.

The Vigil Mechanism of the Company also incorporates a Whistle Blower Policy in terms of the Listing Regulations thereby establishing a vigil mechanism for Directors and permanent employees for reporting genuine concerns, if any. Protected disclosures can be made by a whistle blower through an E-mail or dedicated telephone line or a letter to the Chairman of the Audit Committee. The policy on vigil mechanism and whistle blower policy may be accessed on the Company's website at the link: http://www.pradeepmetals.com/policies/

17. RISKS:

Your Directors had constituted a Risk Management Committee which was entrusted with the responsibility to assist the Board in (a) Overseeing and approving the Company's risk management framework; and (b) Overseeing that all the risks that the organization faces such as strategic, financial, credit, market, liquidity, security, property, IT, Legal, regulatory, reputational and other risks have been identified and assessed and there is an adequate risk management infrastructure in place capable of addressing those risks. The Risk Management Committee has been dissolved because of small size of the business w.e.f. 13th May, 2017 and the Audit Committee currently looks into the Risk Management functions.

18. CORPORATE SOCIAL RESPONSIBILITY (CSR):

The Corporate Social Responsibility Committee (CSR Committee) has formulated and recommended to the Board, a Corporate Social Responsibility Policy (CSR Policy) indicating the activities to be undertaken by the Company, which has been approved by the Board and the same has been hosted on the Company's website http://www.pradeepmetals.com/policies/

The key philosophy of all CSR initiatives of the Company is guided by three core commitments of Scale, Impact and Sustainability. During the year, the Company has spent Rs. 17.72 lakhs (about 105.29 %) against the annual requirement of Rs. 16.83 lakhs for the year 2018-19 on CSR activities.

The Company has identified focus areas of engagement which have been enumerated in the Annual Report on CSR activities in **Annexure D** to this Report.

19. AUDIT COMMITTEE:

The details in respect of the Audit Committee are included in the Corporate Governance Report, which forms part of this Report.

20. AUDITORS AND AUDITORS' REPORT:

a. Statutory Auditors

Pursuant to the provisions of Section 139(1) of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014, N. A. Shah Associates LLP (Registration No. 116560W/W100149), [formerly known as N A Shah Associates (Firm Registration No.116560W)] Chartered Accountants, were appointed in 32nd Annual General Meeting ("AGM") as the Statutory Auditors of the Company, for a term of 5 years i.e. till the conclusion of 37th AGM of the Company to be held in year 2020. In terms of the provisions relating to Statutory Auditors forming part of the Companies Amendment Act, 2017, notified on 7th May, 2018, ratification by the Members of appointment of Statutory Auditors is no more required. N. A. Shah Associates LLP has confirmed that they are eligible to continue as Statutory Auditors of the Company to audit the books of accounts of the Company for financial year ending 31st March, 2020. Accordingly, they will continue to be the Statutory Auditors of the Company for financial Year ending 31st March, 2020.

Auditors Report

The Notes on Financial Statements referred to in the Auditors' Report are self-explanatory and do not call for any further comments.

b. Cost Auditors

As per the requirement of Central Government and pursuant to the provisions of Section 148 of the Companies Act, 2013 (the Act) read with the Companies (Cost Records and Audit) Rules, 2014, as amended from time to time, the Company has been carrying out audit of its cost records every year. The Board of Directors, on recommendation of Audit Committee, has re-appointed MKJ & Associates, Cost & Management Accountants, (Firm Registration No. 001352) as Cost Auditors to audit the cost accounts of the Company for financial year 2019-20 at a remuneration of Rs. 1,25,000/- (plus applicable taxes and reimbursement of out of pocket expenses at actuals).

Pursuant to Section 148 of the Act, a resolution seeking Member's approval for the remuneration payable to the Cost Auditors forms part of the Notice convening the ensuing AGM.

The relevant Cost Audit Report for the FY 2017-18 was filed with Ministry of Corporate Affairs on 30th August, 2018. No adverse comments have been made in the said Report.

c. Secretarial Auditors and Secretarial Audit Report

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Rules made thereunder, Shweta Gokarn & Co., Practicing Company Secretaries, Navi Mumbai (Certificate of Practice Number: 11001) were appointed as the Secretarial Auditors to conduct Secretarial Audit.

The Secretarial Auditors' Report for the financial year ended 31st March, 2019 is annexed to this Report as **Annexure E**.

The Board has also appointed Shweta Gokarn & Co. as Secretarial Auditors to conduct the Secretarial Audit of the Company for financial Year 2019-20.

Observations in Secretarial Audit Report:

(i) During the period under review, the amount towards unclaimed/unpaid dividend from FY 2010-11 was due to be credited to the Investor Education and Protection Fund on 3rd September, 2018. However, the amount was credited on 12th October, 2018, resulting into delay of 39 days.

Management Reply:

The above lapse has happened due to procedural delay and the Company is under process of filing Compounding Application with the Regional Director.

(ii) M/s. S.V. Shah Construction Services Private Limited ('S.V. Shah' – a Promoter Group Entity holding 22.03% in PML) merged with M/s. Rabale Engineering (India) Private Limited ('Rabale' - another Promoter Group Entity holding 35.71% in PML) vide a NCLT Order dated 30th August, 2018 with effect from 1st October, 2018. This resulted into the later becoming 'Holding Company' of PML with total shareholding of 57.74%. (Post amalgamation Rabale has changed its name to Nami Capital Private Limited). The said change should have been reported in the quarterly Shareholding pattern filed for the quarter ended December, 2018; however the same was reported in quarterly filing of March, 2019.

Management Reply:

The above lapse has happened inadverently and no further action is deemed necessary.

21. PARTICULARS OF LOANS GIVEN, INVESTMENTS MADE, GUARANTEES GIVEN AND SECURITIES PROVIDED:

During the financial year 2018-19, the Company has not given any Loan, Guarantees, made any investment in the Equity Share Capital of Pradeep Metals Limited Inc, (WOS).

The WOS partly repaid loan of USD 1,00,000 during the period 2018-19.

22. CONTRACTS AND ARRANGEMENTS WITH RELATED PARTIES:

All contracts/ arrangements/ transactions entered by the Company during the financial year with related parties were in the ordinary course of business and on an arm's length basis. During the year, the Company did not enter into any contract/ arrangement/ transaction with related parties, other than the wholly owned subsidiary, which could be considered material, in accordance with the policy of the Company on materiality of related party transactions.

The Policy on materiality of related party transactions and dealing with related party transactions as approved by the Board may be accessed on the Company's website http://www.pradeepmetals.com/policies/

The particulars as required under the Act along with the statement containing transactions with any person or entity belonging to the promoter/ promoter groups which hold(s) 10% or more shareholding if any are furnished in **Annexure F (Form No. AOC-2)** to this Report.

23. MATERIAL CHANGES AND COMMITMENTS:

No material changes have occurred and no commitments were given by the Company, thereby affecting its financial position between the end of financial year to which these financial statements relate and the date of this Report.

24. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:

The particulars relating to conservation of energy, technology absorption, foreign exchange earnings and outgo, as required to be disclosed under the Act, are provided in **Annexure G** to this Report.

25. INTERNAL FINANCIAL CONTROL SYSTEM:

The Company has in place adequate internal financial controls, commensurate with the activities and size of the Company, with reference to financial statements. During the year, such controls were tested and no reportable material weaknesses in the design or operation were observed.

26. SECRETARIAL STANDARDS:

The Company has in place proper system to ensure compliance with the provisions of the applicable Secretarial Standards (SS-1 and SS-2) issued by the Institute of Company Secretaries of India.

27. HUMAN RESOURCES:

The Company recognises its human resources as one of its prime & critical resources for its growth and hence it strives to align human resource policy and initiatives to meet business plans. The relations between the Management and the Staff Members remained very cordial throughout the year under review. As on 31st March, 2019, the Company had 421 permanent employees at its manufacturing plants and administrative office at Rabale, Navi Mumbai.

28. DISCLOSURE AS PER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013:

The Company has zero tolerance towards sexual harassment at the workplace and has adopted a policy on prevention, prohibition and redressal of sexual harassment at workplace in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and Rules made thereunder.

During the year under review, there were no cases filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

29. EXTRACT OF ANNUAL RETURN AS ON 31st MARCH, 2019:

Extract of Annual Return of the Company is annexed herewith as **Annexure H** to this Report.

30. BOARD MEETINGS HELD DURING THE FY 2018-19:

During the financial year 2018-19, Six (6) Board Meetings were held on 9th May, 2018, 9th July 2018, 14th August, 2018, 14th November, 2018, 6th February, 2019 and 15th March, 2019 details of which are furnished in the Corporate Governance Report forming part of this Report. The gap between any two Meetings did not exceed 120 days.

31. PROMOTER GROUP:

Change in Promoter and Promoter Group:

During the period under review, pursuant to the scheme of Amalgamation M/s. S.V. Shah Construction Services Private Limited ('S.V. Shah' – a Promoter Group Entity holding 22.03% in PML) merged with M/s. Rabale Engineering (India) Private Limited ('Rabale' - another Promoter Group Entity holding 35.71% in PML) vide a NCLT Order dated 30th August, 2018 with effect from 1st October, 2018. This resulted into the later becoming 'Holding Company' of PML with total shareholding of 57.74%. Post amalgamation, Rabale has changed its name to Nami Capital Private Limited. There is no change in the overall percentage of holdings in Promoter and Promoter Group as compared to previous year.

32. PARTICULARS OF EMPLOYEES:

In terms of the provisions of Sub Rule 2 of Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014, none of the employees except Mr. Pradeep Goyal, Chairman and Managing Director of Company drew salary in excess of the limits prescribed under the Act. Relevant particulars are given in **Annexure B** to this Report. The Report and the Accounts are being sent to the Members excluding the statement containing the names of top ten employees in terms of Remuneration drawn. In terms of Section 136 of the Act, the details of top ten employees are open for Inspection at the Registered Office of the Company. Any Member interested in obtaining a copy of the same may write to the Company Secretary.

33. SPECIAL BUSINESS:

As regards the items in the Notice of the Annual General Meeting relating to Special Business, the Resolutions incorporated in the Notice and the Explanatory Statement relating thereto, fully indicate the reasons for seeking the approval of Members to those proposals.

The following resolutions are proposed to be passed as Special Business:

1. To consider and appoint Ms. Nandita Nagpal Vohra as Independent Director of Company for a period from conclusion of 36th Annual General Meeting upto 27th December, 2023.
2. To consider and re-appoint Mr. Suresh G. Vaidya as Independent Director who has already attained age of seventy-five years as Non-Executive, Independent Director for his second term from conclusion of 36th Annual General Meeting upto 41st Annual General Meeting.
3. To consider and approve the remuneration of the Cost Auditors for the financial year ending 31st March, 2020.
4. To ratify the remuneration paid to Mr. Abhinav Goyal, holding office or place of profit during the FY from 2015-16 till 2018-19.
5. To ratify/ approve the remuneration paid/ payable to Mr. Abhinav Goyal, holding office or place of profit during the FY from 2019-20 till 2021-22.
6. To ratify the remuneration paid to Mrs. Neha Goyal, holding office or place of profit during the FY 2018-19.
7. To ratify/ approve the remuneration paid/ payable to Mrs. Neha Goyal, holding office or place of profit during the FY from 2019-20 till 2021-22.
8. To approve payment of Commission to Directors other than Managing Director and Director from Promoter Group for next five years commencing from 2019-20.
9. To consider and approve revision in remuneration of Mr. Pradeep Goyal, Chairman and Managing Director of Company.

34. GENERAL:

Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions on these items during the year:

- No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operations in future.
- There were no frauds reported by the Auditors under Sub section (12) of Section 143 of the Companies (Amendment) Act, 2015, to the Audit Committee, Board of Directors or Central Government.

35. ACKNOWLEDGEMENT:

Your Directors wish to place on record their appreciation and acknowledge with gratitude the support and co-operation extended by the Government authorities, Union Bank of India (bankers), customers, vendors, employees and Members during the year under review and look forward to their continued support.

For and on Behalf of the Board of Directors
sd/-
Pradeep Goyal
Chairman and Managing Director
DIN: 00008370

Place: Navi Mumbai
Date: 15th May, 2019

ANNEXURE A TO DIRECTORS' REPORT

FORM No. AOC-1

(Pursuant to first proviso to Sub-Section (3) of Section 129 of the Companies (Accounts) Rules, 2014)

Statement containing salient features of the Financial Statements of Subsidiaries/Associate Companies/ Joint Ventures.

Part 'A': Subsidiaries

(Rs. In lakhs)*

Sr. No.	Name of Subsidiary	Pradeep Metals Ltd Inc.,Houston, USA	Dimensional Machine Works, LLC, Houston, USA
1	Date since when subsidiary was acquired	04.03.2015 #	25.04.2015
2	Reporting period	01.04.2018 to 31.03.2019	01.04.2018 to 31.03.2019
3	Reporting Currency	USD	USD
4	Share capital	939.12	2503.49
5	Reserves and Surplus	57.94	(1660.16)
6	Total Liabilities excluding share capital and reserves	4085.50	1238.89
7	Total Assets	5082.56	2082.21
8	Investments	2503.49	-
9	Turnover / Total Income	3522.91	1064.34
10	Profit Before Taxation	206.75	(617.25)
11	Provisions for Taxation	-	—
12	Profit after Taxation	206.75	(617.25)
13	Proposed Dividend	-	-
14	% of Share Holding	100%	100%

- *Exchange Rate of USD 1= Rs.69.155 for Balance Sheet items and Rs.69.695 for Profit & Loss items.
- # Pradeep Metals Limited, New York, incorporated on 12th June, 2012, was merged into Pradeep Metals Limited, Inc., Houston, USA since 4th March, 2015.

1. Names of the Subsidiaries which are yet to commence operations: None
2. Names of subsidiaries which have been liquidated and sold during the year: None

Part 'B': Associate and Joint Ventures

1. Names of the Associates / Joint Ventures which are yet to commence operations: None
2. Names of Associates / Joint Ventures which have been liquidated or sold during the year: None

Place: Navi Mumbai
Date: 15th May, 2019

For and on behalf of Board of Directors of
Pradeep Metals Limited

Pradeep Goyal
Chairman and Managing Director
DIN: 0008370

Neeru P. Goyal
Director
DIN: 05017190

Kavita Choubisa Ojha
Chief Financial Officer
PAN: ATTPC7818E

Nivedita Nayak
Company Secretary
FCS: 8479

ANNEXURE B TO DIRECTORS' REPORT

Information required under Section 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

I. **The ratio of remuneration of each Director to the median remuneration of the employees of the Company for the financial year:**

Executive Director	Ratio to median remuneration
Mr. Pradeep Goyal	24.10

Non-executive Directors received no remuneration, except sitting fees for attending Board / Committees meetings. The details of sitting fees paid to Non-Executive Directors is provided in Corporate Governance Report.

II. **The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year:**

There was no change in the remuneration of Managing Director in the FY 2018-19, however he has been given Incentive pay of Rs. 25 lakhs for the year. Other Non- Executive Directors are paid only sitting fees for attending Board/ Committee Meetings.

Increase/ Decrease in remuneration of Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager in financial year:

a) Mr. Rakesh Agarwal, Chief Financial Officer resigned w.e.f. 12th May, 2018 and hence, remuneration paid to him in the financial year 2018-19 is not comparable with the remuneration paid to him in the financial year 2017-18.

b) Mr. Dilip Dalvi was appointed as Deputy Chief Financial Officer w.e.f. 9th May, 2018 and he resigned w.e.f. 14th November, 2018. Prior to that he was designated Manager Accounts in the Company and hence, remuneration paid to him in the financial year 2018-19 is not comparable with the remuneration paid to him in the financial year 2017-18.

c) Ms.Kavita Choubisa Ojha was appointed as Chief Financial Officer of Company w.e.f. 14th November, 2018. Prior to that, she was designated as Manager Finance in the Company and hence, remuneration paid to her in the financial year 2018-19 is not comparable with the remuneration paid to her in the financial year 2017-18.

d) Mr. Harshad Babade was appointed as Company Secretary & Compliance Officer w.e.f. 9th May, 2018 and he resigned w.e.f. 31st October, 2018 and hence, remuneration paid to him in the financial year 2018-19 is not comparable.

e) Ms. Nivedita Nayak is appointed as Company Secretary & Compliance Officer w.e.f. 18th March, 2019 and hence, remuneration paid to her in the financial year 2018-19 is not comparable.

III. **The percentage increase in the median remuneration of employees in the financial year :**
13.50%

IV. **The number of permanent employees on the rolls of Company:** 421

V. **Average percentile increase already made in the salaries of the employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:**

The average percentile increase in the salaries of the employees other than the managerial personnel is around 10%. However, its comparison with the percentile increase in the managerial remuneration cannot be made since Key Managerial Personnel other than Chairman and Managing Director have been associated with the Company for part of year as mentioned in para II above and there is no change in salary of Chairman and Managing Director in FY 2018-19, except for Incentive Pay of Rs. 25 lakhs for the year in view of improved performance.

VI. **Affirmation that the remuneration is as per the remuneration policy of the Company:**
Pursuant to Rule 5(1)(xii) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, it is affirmed that the remuneration paid is as per its remuneration policy.

VII. The particulars of employees as required under Section 197(12) of the Act read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are as follows:

i) Details of employees employed throughout the year and in receipt of remuneration for that year which, in the aggregate, was not less than Rupees One Crore and two lakhs per annum.

Sr. No.	Name	Age in Year (Approx.)	Designation	Remuneration Paid (Rs. In Lakhs)			Nature of Employment	Qualification	Date of Commencement of Employment	Experience in Year (Approx.)	Last employment held and designation	% of Equity Shares held by the employee in the Company	Relation with any Director of the Company
				Gross Salary	Incentive Pay	Total Remuneration							
1	Mr. Pradeep Goyal	63 years	Chairman & Managing Director	84.40	25.00	109.40	Contractual	Metallurgist from IIT, Kanpur with a Masters degree in Material Science & Engineering from M.I.T., Cambridge, USA	17-12-2017	More than 40 years	Pradeep Metals Limited - Managing Director	9.12%	Spouse of Mrs. Neeru P. Goyal

NOTE: ***Gross salary comprises of salary and allowances.***

ii) Details of employees employed for a part of the financial year and in receipt of remuneration for any part of the year, at a rate which, in aggregate, was not less than Rupees Eight lakhs and Fifty thousand per month: None

iii) Details of employees employed throughout the financial year or part thereof and was in receipt of remuneration in the year and is in excess of the remuneration of the Managing Director or Whole Time Director: None

VIII. The Report and the Accounts are being sent to the Members excluding the statement containing the names of top ten employees in terms of remuneration drawn. In terms of Section 136 of the Act, the details of top ten employees are open for its Inspection at the Registered Office of the Company. Any Shareholder interested in obtaining a copy of the same may write to the Company Secretary.

For and on behalf of
Pradeep Metals Limited

sd/-
Pradeep Goyal
Chairman and Managing Director
DIN:**0008370**

Date: 15th May, 2019
Place: Navi Mumbai

ANNEXURE C TO DIRECTORS' REPORT
AUDITORS CERTIFCATE ON CORPORATE GOVERNANCE

To,
The Members,
Pradeep Metals Limited

Independent Auditors' Certificate on Compliance with the Corporate Governance requirements under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended)

1. Based on the engagement by the management of Pradeep Metals Limited ('the Company'), we have examined details of compliance of conditions of Corporate Governance by the Company for the year ended 31st March, 2019 as stipulated in Regulations 17-27, clause (b) to (i) of Regulation 46 (2) and paragraphs C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended) ('Listing Regulations') pursuant to the Listing Agreement of the Company with the Stock Exchange.

Management's Responsibility for compliance with the conditions of Listing Regulations

2. The compliance of conditions of Corporate Governance is the responsibility of the Management of the Company including the preparation and maintenance of all relevant supporting records and documents.

Auditor's Responsibility

3. Pursuant to the requirements of the Listing Regulations, it is our responsibility to provide a reasonable assurance whether the Company has complied the conditions of Corporate Governance as stipulated in Listing Regulations as applicable mentioned in para 1 above for the year ended 31st March, 2019.
4. Our examination was limited to a review of procedures and implementation thereof adopted by the Company for ensuring the compliance of the conditions of Corporate Governance as stipulated in the said clause/ Regulation as applicable. It is neither an audit nor an expression of opinion on the financial statements of the Company.
5. We conducted our examination in accordance with the Guidance Note on Reports or Certificates for Special Purposes (Revised 2016), issued by the Institute of Chartered Accountants of India ('ICAI'). The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
6. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information and Other Assurance and Related Services Engagements.

Opinion

7. Based on our examination and according to explanations given to us and representations made by the Directors and management, we certify that during the year ended 31st March, 2019, the Company has complied with the conditions of Corporate Governance as stipulated in Listing Regulations as applicable mentioned in para 1 above.
8. We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Restrictions on use

9. The certificate is addressed and provided to the members of the Company solely for the purpose of compliance with the requirement of the Listing Regulations and should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this certificate is shown or into whose hands it may come without our prior consent in writing.

For N. A. Shah Associates LLP
Chartered Accountants
Firm Registration No. 116560W/ W100149

sd/-
Milan Mody
Partner
Membership No.: 103286
UDIN:19103286AAAABM6416

Place: Mumbai
Date: 15th May, 2019

ANNEXURE D TO DIRECTORS' REPORT

Annual Report on Corporate Social Responsibility (CSR) activities for the financial year 2018-19

(Rs. in lakhs)

1.	A brief outline of the Company's CSR Policy including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR Policy and Projects or Programs	The Company has identified two focus areas of engagement which are as under: ▪ Health: Eradication of Polio and creating nationwide awareness of cancer and other health related activities ▪ Education: Promoting education by giving school kit, providing hostel facility and education to girl child (orphan) and providing education to tribal children. http://www.pradeepmetals.com/policies/
2.	Composition	Ms. Neeru P. Goyal - Chairperson Mr. Suresh G. Vaidya - Member Mr. Jayavardhan Dhar Diwan - Member
3.	Average net profit of the Company for the last three financial years	Rs.841.69 lakhs
4.	Prescribed CSR expenditure (Two percent of the amount mentioned in item 3 above)	Rs.16.83 lakhs
5.	Details of CSR spent during the Financial Year	
	a. Total amount spent for the financial Year	Rs.17.72 lakhs
	b. Amount unspent, if any,	NIL
	c. Manner in which the amount spent during the financial year	As per the table
8.	Reason for not spending the amount earmarked:	NA

DETAILS OF AMOUNT SPENT ON CSR ACTIVITIES DURING THE FINANCIAL YEAR 2018-19

(Rs. In lakhs)

Sr. No.	CSR project or Activity Identified	Sector in which the project is covered (Clause no. of Schedule VII to the Companies Act, 2013)	Project or Program (1) Local Area or Other (2) Specify the State and District where projects or programs was undertaken	Amount outlay (Budget) Project or program wise	Amount spent on the Projects or Programs Sub-Heads: (1) Direct Expenditure on Projects or Programs (2) Overheads	Cumulative Expenditure upto the reporting period i.e. FY 2018-19	Amount spent through Implementing Agency
1	Friends of Tribals Society	Education Clause (ii)	Maharashtra	16.00	16.00	16.00	16.00
2	Kasturi Foundation	Health Clause(i)	Maharashtra	-	0.05	0.05	0.05
3	Vivek Education Foundation	Education Clause (ii)	Maharashtra	-	0.05	0.05	0.05
4	Vanvasi Kalyan Ashram	Education Clause (ii)	Maharashtra	0.83	1.12	1.12	1.12
5	Bharat Ke Veer	Measures for the benefit of armed forces veterans, war widows and their dependents (vi)	New Delhi	-	0.50	0.50	0.50
	Total			**16.83**	**17.72**	**17.72**	**17.72**

RESPONSIBILITY STATEMENT

The implementation and monitoring of Corporate Social Responsibility (CSR) Policy is in compliance with CSR objectives and policy of the Company.

Sd/-
Pradeep Goyal
Chairman and Managing Director
DIN:00008370

Sd/-
Neeru P. Goyal
Chairperson, CSR Committee
DIN: 05017190

Place: Mumbai
Date: 15th May, 2019

ANNEXURE E TO DIRECTORS' REPORT
FORM NO. MR-3

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2019

[Pursuant to Section 204(1) of the Companies Act, 2013 and rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

The Members,
Pradeep Metals Limited,
R-205, MIDC Rabale,
Navi Mumbai - 400 701.

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Pradeep Metals Limited** (hereinafter called the **'Company'**). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of the Secretarial Audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2019 ('**Audit Period**'), complied with the Statutory provisions listed hereunder and also that the Company has proper Board Processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, Minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2019 according to the provisions of:

a. The Companies Act, 2013 (the Act) and the rules made thereunder;
b. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
c. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
d. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
e. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
   a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
   b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
   c) Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (Effective from 11thSeptember, 2018) **(Not Applicable to the Company during the Audit Period)**;
   d) Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (Effective upto10thSeptember, 2018) **(Not Applicable to the Company during the Audit Period)**;
   e) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and The Securities and Exchange Board of India (Shared based Employee Benefits) Regulations, 2014; **(Not Applicable to the Company during the Audit Period)**;
   f) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **(Not Applicable to the Company during the Audit Period)**;
   g) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
   h) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 **(Not Applicable to the Company during the Audit Period)**;

i) The Securities and Exchange Board of India (Buy-Back of Securities) Regulations, 1998 (Effective upto 10th September, 2018)**(Not Applicable to the Company during the Audit Period)**;

j) The Securities and Exchange Board of India (Buy-Back of Securities) Regulations, 2018 (Effective from 11th September, 2018)**(Not Applicable to the Company during the Audit Period)**;and

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

i. Secretarial Standards issued by the Institute of Company Secretaries of India.

ii. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

a. Pursuant to Section 124(5) read with Rule 5 of Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, any amount required to be credited by the Companies to the Investor Education and Protection Fund ('Fund') as provided under clause (a) to (n) of sub-section (2) of section 125 of the Act, shall be remitted within a period of thirty days of such amounts becoming due to be credited to the Fund.

During the period under review, the amount towards unclaimed/unpaid dividend from FY 2010-11 was due tobe credited to the Investor Education and Protection Fund on 3rdSeptember, 2018. However, the amount was credited on 12th October, 2018, resulting into delay of 39 days.

b. Pursuant to Regulation 31(1)(b) of The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Listed Entity shall submit to the stock exchange(s) a statement showing holding of securities and shareholding pattern separately for each class of securities on a quarterly basis, within twenty one days from the end of each quarter.

During the period under review, M/s. S.V. Shah Construction Services Private Limited ('S.V. Shah' - a Promoter Group Entity holding 22.03% in PML) merged with M/s. Rabale Engineering (India) Private Limited ('Rabale' - a Promoter Group Entity holding 35.71% in PML) vide a NCLT Order dated 30th August, 2018 with effect from 1st October, 2018. This resulted into the later becoming 'Holding Company' of PML with total shareholding of 57.74%. (Post amalgamation Rabale has changed its name to Nami Capital Private Limited)

The said change should have been reported in the quarterly Shareholding pattern filed for the quarter ended December, 2018; however the same was reported in quarterly filing of March, 2019.

I further report that:

- The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
- Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on the agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
- All decisions at the Board Meetings and Committee Meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committees of the Board, as the case may be. As per the records provided by the Company, none of the member of the Board dissented on any resolution passed at the meeting of the Board.
- There are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with the applicable Laws, Rules, Regulations and Guidelines.

I further report that during the audit period there was following event/action having a major bearing on the Company's affairs in pursuance of the above referred Laws, Rules, Regulations, Guidelines:

M/s. S.V. Shah Construction Services Private Limited ('S.V. Shah' – a Promoter Group Entity holding 22.03% in PML) merged with M/s. Rabale Engineering (India) Private Limited ('Rabale' - a Promoter Group Entity holding 35.71% in PML) vide a NCLT Order dated 30th August, 2018 with effect from 1st October, 2018. This resulted into the later becoming 'Holding Company' of PML with total shareholding of 57.74%. (Post amalgamation Rabale has changed its name to 'Nami Capital Private Limited'). However, there is no change in the overall shareholding of Promoters Group, which continues to be 72.20% pre and post merger.

For Shweta Gokarn & Co.
Company Secretaries

sd/-
Ms. Shweta Gokarn
ACS: 30393
C.P. No: 11001

Place: Navi Mumbai
Date: 15th May, 2019

Note: This report is to be read with our letter of even date which is annexed herewith and forms an integral part of this report.

ANNEXURE TO SECRETARIAL AUDIT REPORT

The Members,
Pradeep Metals Limited,
R-205, MIDC Rabale,
Navi Mumbai – 400 701

My report of even date is to be read along with this letter. This is to state that:

a. Maintenance of secretarial record is the responsibility of the management of the Company. My responsibility is to express an opinion on these secretarial records based on my audit.

b. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. I believe that the processes and practices I followed provided a reasonable basis for my opinion.

c. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.

d. The compliance of the provisions of corporate laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedures on test basis.

e. Wherever required, I have obtained and relied on the Management representation made by the Company and its Officers for systems and mechanism formed by the Company for compliances under other applicable Acts, Laws and Regulations to the Company.

f. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For Shweta Gokarn & Co.
Company Secretaries

sd/-
Ms. Shweta Gokarn
ACS: 30393
C.P. No: 11001

Place: Navi Mumbai
Date: 15th May, 2019

ANNEXURE F TO DIRECTORS' REPORT

Form No. AOC-2
(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts / arrangements entered into by the Company with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013, including arm's length transactions under third proviso thereto:

1. **Details of contracts or arrangements or transactions not at arm's length basis: NIL**

2. **Details of material contracts or arrangement or transactions at arm's length basis:**
   During the year, the Company did not enter into any contract/ arrangement/ transaction with related parties, other than the Wholly Owned Subsidiary, which could be considered material, in accordance with the policy of the Company on materiality of related party transactions. Details are mentioned in table below:

(Rs. In lakhs)

Sr. No.	Name of the Related Party	Relationship	Nature of Transaction	Year Ended 31st March, 2019
1	Pradeep Metals Limited, Inc., Houston USA	100% Subsidiary	Sales	**2846.15**
			Guarantee Commission	**18.34**
			Recovered	
			Repayment of Loan Given	**65.18**
			Interest on Loan Received	**14.68**
	TOTAL			**2944.35**

3. **Transactions with any person or entity belonging to the promoter/promoter group which hold(s) 10% or more shareholding in the format prescribed in the AS for annual results: NIL**

For and on behalf of Board of Directors

sd/-
Place: Navi Mumbai — **Pradeep Goyal**
Date : 15th May, 2019 — **Chairman and Managing Director**
DIN : 00008370

ANNEXURE G TO DIRECTORS' REPORT

Particulars of Energy Conservation, Technology Absorption and Foreign Exchange Earnings and outgo required under the Companies (Accounts) Rules, 2014.

A. CONSERVATION OF ENERGY:

The Company continues to identify ways to reduce energy consumption. A recuperator has been added to the newly purchased 3T hammer to reduce consumption of gas. Similarly, roof ventilators have been provided in the Forge Shop to reduce the need to install fume extractors which would have been an energy guzzling alternative.

The schemes implemented in the past continue to control and reduce energy consumption. The active harmonic filters have cut down harmonic currents and will reduce energy consumption.

i. Steps taken by the Company for utilizing alternate sources of energy:

- The Company has invested in a 2.1 MW wind mill to reduce carbon foot print.
- The Company has completely switched over to use of natural gas in place of liquid fuels resulting in lower pollution.

ii. Capital investment on energy conservation equipment's: Capital investment of around 10 lacs is made for the new recuperator and roof ventilators.

B. TECHNOLOGY ABSORPTION :

1. The efforts made towards technology absorption / development:

(i) The Company's In-House R&D "Industrial Microwave Research Center (IMRC) is recognized by the Department of Scientific and Industrial Research (DSIR), Ministry of Science & Technology, Government of India, New Delhi.

Highlights of the R&D projects during the year:

a. One of the technologies developed at IMRC is "Rapid Curing of Resin Bonded Grinding Wheels" using microwave technology. This process received acceptance as a novel process and granted patent number last year in US (US 9,873,185 B2) on 23rd January, 2018. This year, the same technology received acceptance in China (Patent no.CN 104661795 B) on 8th January 2019, in Japan (Patent no. JP6407149) on 28th Sept. 2018 and in India (Patent no. 307720) on 20th February 2019. Efforts are being made for commercialization of this technology in India and abroad.

b. Another in-house developed technology "Microwave Assisted Reduction of Iron Ore Fines to Manufacture Sponge Iron" was accepted as a novel technology by Indian Patent office and awarded Patent no. 309420 on 19th March 2019. This will further help us in protecting our iron making technology with microwaves.

c. Apart from the above, efforts were continued to focus on iron ore and mill scale reduction project. This project is a joint R&D project where PML signed an R&D Agreement with Chubu University of Japan. This project entitled "Development of Microwave Assisted Iron Making Process" was approved by Steel Development Fund (SDF) of Government of India in October 2014 with awarding partial grant from July 2016. The prototype plant trials are being conducted for optimization of process parameters and the problems faced being tackled by doing suitable modifications in the system. Periodic reviews were conducted by SDF's Empowered Board Committee where they have expressed satisfaction on the progress of this project. Management hopes to complete this first phase by end of September 2019.

d. An exploratory project which was initiated last year for melting of lead produced by electrolytic process is continued. The main emphasis of this development is to minimize environmental pollution by adopting microwave technology and saving of energy. Trials on laboratory scale are continued. This process is for recovery of lead from used batteries.

(ii) In the field of forgings, the new 3T hammer is a CNC controlled hammer which is the latest technology in the market. It promises to bring efficiency and quality in forgings.

(iii) The Company is continuously adding new parts for its customers in its product list. This is a substantial R&D effort involving expertise of all production departments.

2. The benefits derived like product improvement, cost reduction, product development or import substitution :

The processes being developed in the field of Microwave are new and novel in concept. Monetary benefits will be derived through sale and application of technology subsequent to granting of patents. Advanced efforts are underway through contacting user industries for commercialization of the developed process. The new iron making process, which is of national importance and may prove to be a game changing technology in near future, is being looked as one of the flag-ship project of Pradeep Metals Limited.

3. In case of imported technology (imported during the last three years reckoned from the beginning of the financial year):

a. Details of technology imported:

Development of Microwave Assisted Iron Making Process is a joint R&D project of Pradeep Metals Limited with Chubu University of Japan under which a new technology of iron making is being jointly developed for converting unusable fine iron ore, lying around Indian iron ore mines, to high cost sponge/pig iron. This process is expected to use only non-coking coal fines (coking process eliminated) and carbon is used only for reduction of iron oxide and not for producing heat for the process. It will reduce green-house emission by almost 50%. The microwave assisted prototype plant was set-up at Pradeep Metals Limited and trials are underway to optimize its process parameters in association with Chubu University researchers.

b. The year of import : 2016-17

c. Whether the technology has been fully absorbed-

Under development (jointly with Chubu University)

d. If not fully absorbed, areas where absorption has not taken place and the reasons thereof:

As this technology and prototype plant design is the first of its kind in the world, no previous design and operation experience regarding it is available. Therefore, it requires a number of R&D activities to be undertaken to overcome design and operational obstacles as is evident from the experience of the last year. Focus is on developing stable refractory materials and focused microwave energy.

4. The expenditure incurred on Research and Development.

a. Capital Expenditure : Rs. 108.26 lakhs

b. Recurring Expenditure : Rs. 18.64 lakhs

c. <u>Foreign exchange Earnings and Outgo 2018-19:</u>

	Amount
Foreign Exchange earned in terms of Actual Inflows (Export Sales)	Rs. 9518.69 lakhs
Subsidiary Loan Recovery	Rs. 65.18 lakhs
Foreign Exchange outgo in terms of Actual outflows	Rs. 430.13 lakhs
a) Professional Fees	Rs. 36.99 lakhs
b) Logistics & Warehouse	Rs. 6.71 lakhs
c) Consumables	Rs. 342.44 lakhs
d) Currency Purchase	Rs. 34.17 lakhs
e) Insurance	Rs. 9.82 lakhs

For and on behalf of Board of Directors

sd/-

Place: Navi Mumbai
Date : 15th May, 2019

Pradeep Goyal
Chairman and Managing Director
DIN : 00008370

ANNEXURE H TO DIRECTORS' REPORT

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

as on the Financial Year ended on 31st March, 2019

[Pursuant to Section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management & Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS

i)	CIN	L99999MH1982PLC026191
ii)	Registration Date	22nd January, 1982
iii)	Name of the Company	Pradeep Metals Limited
iv)	Category/ Sub-category	Company having Share Capital
v)	Address of the Registered office and contact details	R-205, MIDC, TTC Industrial Area, Rabale, Navi Mumbai 400 701 Contact Person: Ms. Nivedita Nayak Company Secretary & Compliance Officer Email: investors@pradeepmetals.com Tel no. +91-22-27691026
vi)	Whether listed company	Yes (Listed on BSE Limited)
vii)	Name, Address and Contact Details of Registrar and Transfer Agent, if any	Link Intime India Private Limited C-101, 247 Park, LBS Marg, Vikhroli (West), Mumbai 400 083. Maharashtra. Contact Person: Mr. Ajay Jadhav - Team Leader - Investor Relations Registry Email: ajay.jadhav@linkintime.co.in Tel no. +91-22-49186000

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the Company are given below:-

Sr. No.	Name & description of main products/services	NIC Code of the product/service*	% to total turnover of the Company #
1	Components for Process Control Equipment	33130	39.49
2	Components for Valves	29121	39.45

**As per National Industrial Classification - Ministry of Statistics and Programme Implementation*

#On the basis of Gross Turnover

III. PARTICULARS OF HOLDING, SUBSIDAIRY AND ASSOCIATE COMPANIES

Sr. No.	Name of Company	Address of Company	CIN/GLN	Holding/ Subsidairy/ Associate	% of Shares held	Applicable Section
1	Pradeep Metals Limited Inc.	6930, San Antonio Street, Houston, TX 77040 USA	N. A.	Subsidiary	100%	2(87)(ii)
2	Dimensional Machine Works, LLC	6930, San Antonio Street, Houston, TX 77040 USA	N. A.	Step-down Subsidiary	100%	2(87)(ii)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding

Category of shareholders	No. of Shares held at the beginning of the year (as on 01.04.2018)				No. of Shares held at the end of the year (as on 31.03.2019)				% of Change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
A Promoters									
(1) Indian									
a) Individuals/ HUF	24,96,327	0	24,96,327	14.4547	24,96,327	0	24,96,327	14.4547	0
b) Central Govt./State Govt(s)	0	0	0	0	0	0	0	0	0
c) Financial Institutions/ Banks	0	0	0	0	0	0	0	0	0
d) Any Other (Specify)	0	0	0	0	0	0	0	0	0
e) Bodies Corporate	99,72,542	0	99,72,542	57.7449	99,72,542	0	99,72,542	57.7449	0
SUB-TOTAL(A)(1)	**1,24,68,869**	**0**	**1,24,68,869**	**72.1996**	**1,24,68,869**	**0**	**1,24,68,869**	**72.1996**	**0.0000**
(2) Foreign									
a) Individuals (NRIs/For.Inds.)	0	0	0	0	0	0	0	0	0
b) Government	0	0	0	0	0	0	0	0	0
c) Institutions	0	0	0	0	0	0	0	0	0
d) Foreign Portfolio Investor	0	0	0	0	0	0	0	0	0
e) Any Other (Specify)	0	0	0	0	0	0	0	0	0
SUB-TOTAL(A)(2)	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Total Shareholding of Promoter and Promoter Group(A)=(A)(1)+(A)(2)	**1,24,68,869**	**0**	**1,24,68,869**	**72.1996**	**1,24,68,869**	**0**	**1,24,68,869**	**72.1996**	**0.0000**
B PUBLIC SHAREHOLDING									
1 Institutions									
a) Mutual Funds / UTI	0	9,000	9,000	0.05	0	1,100	1,100	0.0064	-0.0457
b) Venture Capital Funds	0	0	0	0	0	0	0	0	0
c) Alternate Investment Funds	0	0	0	0	0	0	0	0	0
d) Foreign Ven. Cap. Investors	0	0	0	0	0	0	0	0	0
e) Foreign Portfolio Investor	0	4,100	4,100	0.02	0	4,100	4,100	0.0237	0
f) Financial Institutions / Banks	0	0	0	0	0	0	0	0	0
g) Insurance Companies	0	0	0	0	0	0	0	0	0
h) Provident/ Pension Funds	0	0	0	0	0	0	0	0	0
i) Any Other (Specify)	0	0	0	0	0	0	0	0	0
SUB-TOTAL(B)(1)	**0**	**13,100**	**13,100**	**0.0759**	**0**	**5,200**	**5,200**	**0.0301**	**-0.0458**
2 Central/State Government(s)/ President of India	0	0	0	0	0	0	0	0	0
SUB-TOTAL(B)(2)	**0**	**0**	**0**	**0.0000**	**0**	**0**	**0**	**0**	**0.0000**

Category of shareholders	No. of Shares held at the beginning of the year (as on 01.04.2018)				No. of Shares held at the end of the year (as on 31.03.2019)				% of Change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
[3] Non-Institutions									
a) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 Lakh	14,56,123	4,44,420	19,00,543	11.0049	14,88,651	2,36,820	17,25,471	'9.9911	-1.0138
ii) Individual shareholders holding nominal share capital in excess of Rs.1 Lakh	11,70,829	1,22,400	12,93,229	7.4883	11,27,126	1,92,400	13,19,526	7.6406	0.1523
b) NBFCs registered with RBI	0	0	0	0.0000	1,502	0	1,502	0.0087	0.0087
d) Overseas Depositories (holding DRs) (balancing figure)	0	0	0	0	0	0	0	0	0
(e) Any Other (Specify)									
IEPF	0	0	0	0.0000	2,92,317	0	2,92,317	1.6926	1.6926
Trusts	1,000	0	1,000	0.0058	1,000	0	1,000	0.0058	0.0000
Hindu Undivided Family	2,09,950	0	2,09,950	1.2157	1,67,684	0	1,67,684	0.9710	'-0.2447
Non Resident Indians (Non Repat)	19,719	0	19,719	0.1142	23,295	0	23,295	0.1349	'0.0207
Other Directors	6,94,300	0	6,94,300	4.0203	6,93,622	0	6,93,622	4.0163	-0.0040
Non Resident Indians (Repat)	1,08,070	1,37,800	2,45,870	'1.4237	1,95,902	53,400	2,49,302	1.4436	'0.0199
Overseas Bodies Corporates	0	2,30,000	2,30,000	1.3318	0	2,30,000	2,30,000	1.3318	0.0000
Clearing Member	31,188	0	31,188	0.1806	10,339	0	10,339	0.0599	-0.1207
Bodies Corporate	73,932	88,300	1,62,232	0.9394	69,673	12,200	81,873	0.4741	-0.4653
Sub Total (B)(3)	**37,65,111**	**10,22,920**	**47,88,031**	**27.7246**	**40,71,111**	**7,24,820**	**47,95,931**	**27.7703**	0.0457
TOTALPUBLIC SHAREHOLDING (B) = (B)(1)+(B)(2)	**37,65,111**	**10,36,020**	**48,01,131**	**27.8004**	**40,71,111**	**7,30,020**	**48,01,131**	**27.8004**	**0.0000**
Total (A)+(B)	**1,62,33,980**	**10,36,020**	**1,72,70,000**	**100.0000**	**1,65,39,980**	**7,30,020**	**1,72,70,000**	**100.0000**	**0.0000**
(C) Non Promoter - Non Public									
[1] Custodian/DR Holder	0	0	0	0.0000	0	0	0	0.0000	0.0000
[2] Employee Benefit Trust (under SEBI (Share based Employee Benefit) Regulations, 2014)	0	0	0	0.0000	0	0	0	0.0000	0.0000
Total (A)+(B)+(C)	**1,62,33,980**	**10,36,020**	**1,72,70,000**	**100.0000**	**1,65,39,980**	**7,30,020**	**1,72,70,000**	**100.0000**	

ii) Shareholding of Promoters

Sr. No.	Shareholder's name	Shareholding at the beginning of the year (as on 01.04.2018)			Shareholding at the end of the year (as on 31.03.2019)			
		No. of shares held	% of total Shares of the Company	% of shares pledged/ encumbered To total shares	No. of shares held	% of total Shares of the Company	% of shares pledged/ encumbered To total shares	% Change in shareholding during the year
1	RABALE ENGINEERING (INDIA) PVT LTD (now Nami Capital Private Limted) *	61,67,481	35.7121	0.0000	99,72,542	57.7449	0.0000	22.0328
2	S V SHAH CONSTRUCTION SERVICES PVT LTD*	38,05,061	22.0328	0.0000	0	0	0.0000	-22.0328
3	PRADEEP V GOYAL	15,76,400	9.1280	0.0000	15,76,400	9.1280	0.0000	'0.0000
4	NEERU P GOYAL	9,19,927	5.3267	0.0000	9,19,927	5.3267	0.0000	'0.0000
	Total	**1,24,68,869**	**72.1996**	**0.0000**	**1,24,68,869**	**72.1996**	**0.0000**	**'0.0000**

*Note: In scheme of Merger, S.V Shah Constructions Services Pvt Ltd got amalgamated to Rabale Engineering (India) Pvt Ltd vide NCLT Order dated 30th August, 2018. Post Amalgamation, Rabale Engineering (India) Pvt Ltd changed its name to Nami Capital Pvt Limited. Their is no change in number of shareholding of Promoters after the amalgamation.

iii) Changes in Promoters' Shareholding

Sr No.	Name & Type of Transaction	Shareholding at the beginning of the year (as on 01.04.2018)		Transactions during the year		Cumulative Shareholding at the end of the year (as on 31.03.2019)	
		NO.OF SHARES HELD	% OF TOTAL SHARES OF THE COMPANY	REASON	NO. OF SHARES	NO OF SHARES HELD	% OF TOTAL SHARES OF THE COMPANY
1	*RABALE ENGINEERING (INDIA) PVT LTD (Now Nami Capital Pvt Limited)	61,67,481	35.7121	shares purchased in scheme of amalgamation	38,05,061	99,72,542	57.7449
	AT THE END OF THE YEAR					99,72,542	57.7449
2	*S V SHAH CONSTRUCTION SERVICES PVT LTD	38,05,061	22.0328	shares transferred in scheme of amalgamation	38,05,061	0	0
	AT THE END OF THE YEAR					0	0
3	PRADEEP V GOYAL	15,76,400	9.128	0	0	15,76,400	9.128
	AT THE END OF THE YEAR					15,76,400	9.128
4	NEERU P GOYAL	9,19,927	5.3267	0	0	9,19,927	5.3267
	AT THE END OF THE YEAR					9,19,927	5.3267

*Note: In scheme of Merger, S.V Shah Constructions Services Pvt Ltd got amalgamated to Rabale Engineering (India) Pvt Ltd vide NCLT Order dated 30th August, 2018. Post Amalgamation, Rabale Engineering (India) Pvt Ltd changed its name to Nami Capital Pvt Limited. Their is no change in number of shareholding of Promoters after the amalgamation.

iv) Shareholding Pattern of top ten Shareholders (Other than Directors, Promoters and Holders of GDRs and ADRs)

Sr No.	Name & Type of Transaction	Shareholding at the beginning of the year (as on 01.04.2018)		Transactions during the year		Cumulative Shareholding at the end of the year (as on 31.03.2019)	
		NO.OF SHARES HELD	% OF TOTAL SHARES OF THE COMPANY	DATE OF TRANSACTION	NO. OF SHARES	NO OF SHARES HELD	% OF TOTAL SHARES OF THE COMPANY
1	KEWAL KRISHAN NOHRIA	6,74,000	3.9027			6,74,000	3.9027
	AT THE END OF THE YEAR					6,74,000	3.9027
2	INVESTOR EDUCATION AND PROTECTION FUND AUTHORITY MINISTRY OF CORPORATE AFFAIRS	0	0			0	0
	Transfer			07 Sep 2018	2,92,317	2,92,317	1.6926
	AT THE END OF THE YEAR					2,92,317	1.6926
3	SUDHIR GOLECHA N	2,35,244	1.3622			2,35,244	1.3622
	AT THE END OF THE YEAR					2,35,244	1.3622
4	OM GLOBAL SIGAPORE PTE LTD	2,30,000	1.33			2,30,000	1.33
	AT THE END OF THE YEAR					2,30,000	1.33
5	MADHUSUDAN N SARDA	2,30,000	1.33			2,30,000	1.33
	Transfer			15 Feb 2019	1,92,400	1,92,400	1.1141
	AT THE END OF THE YEAR					1,92,400	1.1141
6	KALPANA GOLECHA S	1,44,436	0.8363			1,44,436	0.8363
	AT THE END OF THE YEAR					1,44,436	0.8363
7	INDUR KIRPALANI	43,331	0.2509			43,331	0.2509
	Transfer			11 May 2018	6,000	49,331	0.2856
	Transfer			15 Jun 2018	10,000	59,331	0.3435
	Transfer			30 Jun 2018	11,000	70,331	0.4072
	Transfer			03 Aug 2018	10,000	80,331	0.4651
	Transfer			07 Sep 2018	5,000	85,331	0.4941
	Transfer			05 Oct 2018	9,705	95,036	0.5503
	Transfer			02 Nov 2018	-2,000	93,036	0.5387
	Transfer			16 Nov 2018	-7,705	85,331	0.4941
	Transfer			23 Nov 2018	-5,000	80,331	0.4651
	Transfer			15 Mar 2019	52,000	1,32,331	0.7662
	AT THE END OF THE YEAR					1,32,331	0.7662
8	RAKESH PREM PURI	86,882	0.5031			86,882	0.5031
	AT THE END OF THE YEAR					86,882	0.5031
9	LAXMI DEVI MADANGOPAL DAMANI	74,183	0.4295			74,183	0.4295
	AT THE END OF THE YEAR					74,183	0.4295
10	NAVIN KUMAR MARWAH	100	0.0006			100	0.0006
	Transfer			06 Apr 2018	-100	0	0
	Transfer			08 Mar 2019	50,000	50,000	0.2895
	AT THE END OF THE YEAR					50,100	0.2901

v) Shareholding of Directors and Key Managerial Personnel

Sr. No.	Name	Shareholding		Date	Increase/ Decrease in Share-holding	Reason	Cumulative Shareholding at the end of the year 31.03.2019	
		No. of shares at the Beginning (01.04.2018) / end of the year (31.03.2019)	% of total shares of the Company				No. of Shares	% of total shares of the Company
	DIRECTORS/KEY MANAGERIAL PERSONNEL							
1	Mr. Pradeep Goyal	15,76,400 15,76,400	9.13 9.13	01.04.18 31.03.19	- -	No movement during the year	15,76,400	9.13
2	Mrs. Neeru P. Goyal	9,19,927 9,19,927	5.32 5.32	01.04.18 31.03.19	- -		9,19,927	5.32
3	Mr. Omprakash Agarwal	13,300 10,622	0.07 0.06	01.04.18 31.03.19	- -	Market Sale	10,622	0.06
4	Dr. Kewal Krishan Nohria	6,74,000 6,74,000	3.90 3.90	01.04.18 31.03.19	- -	No movement during the year	6,74,000	3.90
5	Mr. Suresh G. Vaidya	- -	- -	01.04.18 31.03.19	- -		-	-
6	Mr. Jaidev R. Shroff *	- -	- -	01.04.18 31.03.19	- -		-	-
7	Mr. Jayavardhan Dhar Diwan	- -	- -	01.04.18 31.03.19	- -		-	-
8	Mr. Kartick Maheshwari	- -	- -	01.04.18 31.03.19	- -		-	-
9	Ms. Nandita Nagpal Vohra	-	-	01.04.18 31.03.19	- -		-	-
10	Mr. Rakesh Agarwal **	100 100	0.00 0.00	01.04.18 31.03.19	- -		100	0.00
11	Mr. Dilip Dalvi $	400 400	0.002 0.002	01.04.18 31.03.19	- -		400	0.002
12	Mr. Harshad Babade #	- -	- -	01.04.18 31.03.19	- -		-	-
13	Ms. Kavita Choubisa Ojha ##	135 135	0.00 0.00	01.04.18 31.03.19	- -		135	0.00
14	Ms. Nivedita Nayak &	- -	- -	01.04.18 31.03.19	- -		-	-

* Resigned as a Director of the Company w.e.f. 30th September, 2018.
** Resigned as a Chief Financial Officer w.e.f. 12th May, 2018.
# Resigned as a Company Secretary w.e.f. 31st October, 2018
$ Appointed as Deputy Chief Financial Officer w.e.f. 9th May, 2018 and resigned w.e.f. 14th November, 2018
Appointed as Chief Financial Officer w.e.f. 14th November, 2018.
& Appointed as Company Secretary w.e.f. 18th March, 2019 .

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

Amount (Rs. in Lakhs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year (01.04.2018**)**				
i) Principal Amount	7,396.34	-	-	7,396.34
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	2.00	-	-	2.00
TOTAL(i+ii+iii)	**7,398.34**	-	-	**7,398.34**
Change in Indebtedness during the Financial year				
Addition	1,185.8	-	-	1,185.8
Reduction	722.96	-	-	722.96
Net Change	**462.84**	-	-	**462.84**
Indebtedness at the end of the financial year (31.03.2019**)**				
i) Principal Amount	7,859.18	-	-	7,859.18
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	5.35	-	-	5.35
TOTAL(i+ii+iii)	**7,864.53**	-	-	**7,864.53**

VI. REMUNERATION TO DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Director and/or Manager: (Rs. in Lakhs)

Sr. No.	Particulars of Remuneration	Name of MD/WTD/Manager Pradeep Goyal Chairman and Managing Director	Total Amount
1	Gross salary		
	a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	84.00	84.00
	b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	0.40	0.40
	c) Profits in lieu of salary under Section 17(3) of the Income-tax Act, 1961	0.00	0.00
2	Stock Option	N.A.	N.A.
3	Sweat Equity	N.A.	N.A.
4	Commission	N.A.	N.A.
	- as % of profit	N.A.	N.A.
	- others	N.A.	N.A.
5	Others	25.00	25.00
	TOTAL(A)	**109.40**	**109.40**
Ceiling as per the Act	Remuneration paid pursuant to the provisions of section 197 read with schedule V of the Companies Act, 2013 vide Special Resolution passed by the shareholders in the Annual General Meeting of the Company held on 21st August, 2017.		

B. Remuneration to other Directors:

(Rs. in Lakhs)

Particulars of Remuneration	Name of Directors: Kewal Krishan Nohria	Nandita Nagpal Vohra	Suresh G. Vaidya	Omprakash Agarwal	Jayavardhan Dhar Diwan	Jaidev R. Shroff	Neeru P. Goyal	Kartick Mahesh-wari	Total Amount
Independent Directors									
- Fee for attending Board/ committee meetings	-	0.50	4.25	-	4.00	0.25	-	2.75	11.75
Commission	-	0.50	1.50	-	1.50	0.25	-	1.00	4.75
Others	-	-	-	-	-	-	-		-
TOTAL (1)	-	1.00	5.75	-	5.50	0.50	-	3.75	16.50
Other Non- Executive Directors									
- Fee for attending Board/ committee meetings	2.75	-	-	1.75	-	-	1.50	-	6.00
- Commission	1.00	-	-	1.50	-	-	-	-	2.50
- Others	-	-	-	-	-	-	-	-	-
TOTAL (2)	3.75	-	-	3.25	-	-	1.50		8.50
GRAND TOTAL (1+2)	3.75	1.00	5.75	3.25	5.50	0.50	1.50	3.75	25.00
Total Managerial Remuneration(A+B)	109.40#								
Overall Ceiling as per the Act	(1% of Net Profit of the company calculated as per section 198 of per section 198 of Companies Act, 2013)								

In terms of the provisions of Section 197(2) of the Companies Act, 2013, sitting fees paid to Non-Executive Directors are not considered in computation.

C. Remuneration to key managerial personnel other than MD/MANAGER/WTD

(Rs. in Lakhs)

Sr. No.	Particulars of Remuneration	Name of Personnel other than MD/WTD/Manager #					Total Amount
		Rakesh Agarwal- Chief Financial Officer*	Harshad Babade Company Secretary$	Dilip Dalvi- Deputy Chief Financial Officer **	Kavita Choubisa Ojha- Chief Financial Officer &	Nivedita Nayak- Company Secretary @	
1	Gross salary						
	a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	**3.40**	**2.23**	**4.89**	**7.63**	**0.30**	**18.45**
	b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	0	0	0	0	0	0
	c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961	0	0	0	0	0	0
2	Stock Option	NA	NA	NA	NA	NA	NA
3	Sweat Equity	NA	NA	NA	NA	NA	NA
4	Commission - as % of profit	0 0	0 0	0 0	0 0	0 0	0 0
5	Others	0	0	0	0	0	0
	- Medical	0	0	0	0	0	0
	- Cars	0	0	0	0	0	0
	- Interest Concession on Loan	0	0	0	0	0	0
	TOTAL	**3.40**	**2.23**	**4.89**	**7.63**	**0.30**	**18.45**

Associated with the Company / position for part of the year.
* Resigned as Chief Financial Officer w.e.f. 12th May, 2018
$ Appointed as Company Secretary w.e.f. 9th May, 2018 and resigned w.e.f. 31st October, 2018
** Appointed as Deputy Chief Financial Officer w.e.f. 9th May, 2018 and resigned w.e.f. 14th November, 2018
& Appointed as Chief Financial Officer w.e.f. 14th November, 2018
@ Appointed as Company Secretary w.e.f. 18th March, 2019

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES

There were no penalties, punishments or compounding of offences under the Companies Act, 2013 during the FY 2018-19.

For and on behalf of Board of Directors

sd/-
Pradeep Goyal
Chairman and Managing Director
DIN : 00008370

Place: Navi Mumbai
Date : 15th May, 2019

MANAGEMENT DISCUSSION & ANALYSIS

1. **GLOBAL ECONOMY**

The world economy is projected to expand at a steady pace of 3% in 2019 and 2020. Among the developing economies, the East and South Asia regions remain on a strong growth trajectory, while many commodity-exporting countries are continuing a gradual recovery. Among developed economies, US growth is projected to decelerate notably as the impulse from fiscal stimulus wanes and the effects of higher interest rates are increasingly being felt. While steady growth is projected for the EU, the risks are tilted to the downside, including potential fallout from Brexit.

However, short-term risks are rising, with the potential to severely disrupt economic activity and inflict significant damage on longer-term development prospects. These include escalating trade disputes, financial stress and volatility, and an undercurrent of geopolitical tensions.

2. **INDIAN ECONOMY**

The expected stellar performance of Prime Minister Narendra Modi's BJP with another large parliamentary majority will see continuity of macroeconomic policy in the next five years. The large parliamentary majority of the BJP shall avoid the key risk of a weak and fragmented coalition government governing the nation, which could have undermined momentum for further economic reforms.

Despite challenges, India's economic outlook looks positive for the second term of the government, with GDP growth forecast to average around 7% per year over the 2019-2023 period.

India is expected to become the world's fifth-largest economy in 2019, reaching a total GDP size exceeding $3 trillion, and overtaking the United Kingdom. By 2025, Indian GDP is also forecast to surpass Japan, which will make India the second-largest economy in the Asia-Pacific region.

3. **BUSINESS ENVIRONMENT**

Forgings are products used widely by original equipment manufacturers in the production of durable goods and its unique process makes it an attractive choice. They can be produced from most metals and alloys with few restrictions on size and they are used in high strength, high performance and high reliability environments.

They are widely used in automobile industry, valves, fittings and control equipments, railways, defence, marine and aerospace.

India is the 3rd largest manufacturer of forgings in the world, after China and the European nations (led by Germany).The forging industry is one of the major contributors to the Indian manufacturing industry. According to a recent survey conducted by the forging association, the installed capacity has marginally increased from 38.5 lakh MT in 2016-17 to 39.4 lakh MT in 2017-18 with overall production of forgings rising from 23.98 lakh MT to 25.24 lakh MT.

With the government having plans to shift towards electric vehicles, we see a major challenge for the forging sector as the moving parts in a vehicle would be reduced considerably.

4. **BUSINESS SNAPSHOT**

Pradeep Metals Limited (PML) showed healthy growth and generated 1.75 billion rupees in annual sales through its products ranging from intricate closed die stainless, alloy and carbon steel forgings as finished and semi-finished machined components. The strategy of specialization in catering to custom made and small quantity orders continues to pay dividends and has made PML the preferred supplier to its customers. PML's expertise in making deliveries in small lead times, sometimes even 2 days, helps the customers to keep low level of inventories at their end.

It currently serves 4 major industry verticals:

Instrumentation & Flanges

Valve Components

General Engineering

Commodity Flanges

Major customers are in India, USA, UK, Singapore, Sweden, Denmark, France, Germany, Italy, Mexico and Argentina.

PML uses state-of-the-art machinery with sophisticated tool-room equipment to manufacture its forgings and machined parts. It also employs hi-tech design and analysis software to create dies and tooling that play a key role in the production of forgings. The manufacturing plant is fully integrated with complete facilities for inspection, testing, cutting, dies and tool making, forging, heat-treatment, finishing, machining, cleaning, surface treatment and assembly. PML continues to enhance its machining capacity and capabilities by adding CNC Turning Centers, Vertical Machining Centers (VMC) and other equipments to address the rising demand of finished machined components and sub-assemblies. In addition to in-house facilities, PML has also made significant effort and developed dedicated vendors for machining, to further enhance its machining capacity and capabilities.

Looking to the rising demand for machined components, PML has taken a project of setting up a new machine shop within the existing plant by importing some of the machinery from its Step-down Subsidiary namely Dimensional Machine Works, LLC,Houston (USA). It continues to upgrade its plant and equipment and infrastructure, on regular basis. It has achieved a lean process layout by reorganizing the machinery.

PML uses its in-house metallurgical laboratory, process control, continuous improvement principles to manufacture quality products. The quality assurance systems have been approved by Global Original Equipment Manufacturers (OEMs) including nuclear grade and high-pressure equipment OEMs in Europe, USA and South East Asia. PML is certified to ISO 9001:2015 and Pressure Equipment Directive 2014/68/EU (PED). PML continues to improve its capabilities to serve highly demanding markets to maintain our niche position in the industry. PML has been concentrating on exports for long term growth and exports 65% to 70% of its finished goods. It has received ISO 14001:2015, OHSAS 18001:2007, Marine &Norsok certifications, etc. which are available on the website of the Company.

5. DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

Stand-alone financial performance of PML is summarized below:- (Rs. in lakhs)

Particulars	FY 2018-2019	FY 2017-2018	Change in %
Exports	9,850.96	8,435.16	16.78
Domestic Sales	7,007.70	5,275.34	32.84
Export Incentives	405.53	388.53	4.38
Income from Windmill	216.26	182.31	18.62
Other Income	130.27	269.77	(51.71)
Total Income	17,610.72	14,551.10	21.03
Less: Excise Duty @	-	91.26	-
Net Income	17,610.72	14,459.84	21.79
EBITDA	2,815.93	2,209.63	27.44
Profit before tax and prior period adjustments	1,678.26	1,172.66	43.12
Profit after tax (before Other Comprehensive income)	1,193.88	819.34	45.71

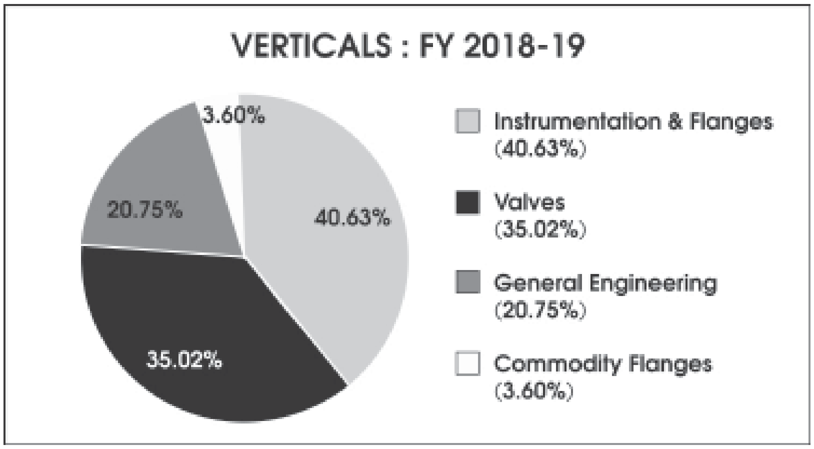
@ Excise Duty was applicable upto 30th June, 2017. It's substituted by GST w.e.f. 1st July, 2017

- Total income (net of GST/Excise Duty) has recorded a growth of 21.79% over the previous year. It is attributable to improvement in productivity, rising share of machined components and better sales realization during the year.
- Power generation and income from Windmill has recorded a growth of 18.62% over the previous year.
- Profit before taxes (before prior period items) for the year has improved by 43.12% and Profit after taxes by 45.71%. It has been possible due to astute production planning and control on the wastages and expenditure, wherever feasible.

6. SEGMENT WISE OR PRODUCT WISE PERFORMANCE

Revenue from operations and other income (net of Excise Duty/GST) during the current year comprised of 98.77% of total income and income from wind mill is 1.23%.

The pie chart below shows the product mix and various industries served by PML:-



7. KEY FINANCIAL RATIOS (Standalone)

Particular	2017-18 (Audited)	2018-19 (Audited)	Variance
Debtors turnover ratio	3.08	3.26	6%
Inventory turnover ratio	5.46	5.88	8%
Interest coverage ratio*	2.89	3.42	18%
Current Ratio	1.13:1	1.13:1	-
Debt/ Equity Ratio	1.41:1	1.23:1	13%
Operating Profit Margin %	12.56%	13.57%	8%
Net Profit Margin %	5.68%	6.67%	17%
Return on Networth %	15.51%	18.23%	18%

* Interest includes finance cost and bank charges.

Financial ratios have improved in view of strict financial discipline and ploughing back of the earnings and improved financial health of the Company. It is amply reflected in upgradation of the Credit Rating of PML by CRISIL Limited from 'BB+/Negative' as on 9th January, 2018 to 'BB+/Positive' as on 8th November and further to BBB- /Stable as on 8th April, 2019.

Return on Networth has improved from 15.51% in FY 2017-18 to 18.23% in FY 2018-19 due to increase in turnover by 21.27%, higher composition of machined components in the product mix, reduced levels of inventories & debtors (resulting into lower interest cost) and better cost control measures, resulting into better profitability.

8. FUTURE OUTLOOK

PML's area of specialization ensures increasing demand from existing customers. New product development and targeting of new customers is yielding positive results.While capacity in CNC shop has already been increased marginally, further expansion through a new CNC shop is underway. Forging capacity has increased from 8,000 MTPA to 9,200 MTPA with acquisition of a new 3T Hammer for catering to diverse products range.

The focus area in the coming years will be development of machined forgings for the Oil & Gas Industry.

Barring unforeseen circumstances, the trend of increased in turnover and better profitability is expected to continue.

9. OPPORTUNITIES AND THREATS

Opportunities

- PML's unique competence in executing low-volume high-mix orders with low lead times provides opportunity to attract new customers.
- US-China tariff war has opened new opportunities.
- Strong Domestic market, increased use of automation and timely supply.
- Positive impact of implementation of GST on PML and the Forging industry.

Threats

- Emergence of EV market which may reduce demand for forged components.
- Rising energy, labour and steel costs posing a threat to the profitability of the Indian forging Industry.
- Tariffs war impacting the international trade.
- Non-availability of skilled and qualified persons.

10. RISKS AND AREAS OF CONCERN

PML's Risk Management Policy is designed keeping credible risks in mind so that it can respond quickly to these risks and implement mitigation measures to contain the damage. The Audit Committee reviews the Risk Management Policy, monitors its implementation and initiates proper steps / actions.

PML has a diverse portfolio of products, spread over a large number of customers and across geographies. This insulates it against industry risks. As steel is the major input with volatility risk, the pass-through contracts provide protection. People risks are mitigated with motivation initiatives and engagement with employees.

11. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

PML has a sound internal control system which ensures that (a) its financial reports are reliable; (b) its operations are effective and efficient; (c) its activities comply with applicable laws and regulations; and (d) proper accounting of assets and protection against loss through unauthorized use. The internal control systems are further supplemented by internal audit carried out by an independent firm of Chartered Accountants and periodical review by the Management. The Internal Audit process is designed to review the adequacy of internal control checks in the system and covers all the significant areas of the Company's operations. Implementation of ERP will further strengthen the financial controls.

The Audit Committee of the Board of Directors reviews the adequacy and effectiveness of the internal control systems and tracks the implementation of corrective actions. Significant audit observations and corrective actions taken by the Management are presented to the Audit Committee. To maintain its objectivity and independence, the Internal Audit reports are submitted to the Chairman of the Audit Committee. Audit Committee plays a key role in providing assurance to the Board of Directors.

12. HUMAN RESOURCES/ INDUSTRIAL RELATIONS FRONT

Industrial relations in the Company have been harmonious and cordial. Labour Union has been very supportive of Management's efforts to implement reforms.

The Company is only as good as its people. Our philosophy is to engage with our employees at all levels. Dedication and commitment is encouraged and rewarded. The Company provides in-house training to its employees and sends them for obtaining training from various organizations. The year saw many of our employees attending international exhibitions and seminars to enable them upgrade their skills by exposing them to newer technologies and processes.

The Company had a total of 421 permanent employees as on 31st March, 2019.

Cautionary Statement:

Details provided herein above relating to various activities and future plans may be "forward-looking statements" within the realm of applicable laws and regulations. Actual performance may differ substantially or materially from those expressed or implied. The Company may need to change plans or other projections due to changes in Government policies, tax laws, market conditions and other incidental factors.

CORPORATE GOVERNANCE REPORT

The detailed report on Corporate Governance for the financial year ended 31st March, 2019 pursuant to Regulation 34(3) and Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('the Listing Regulations') and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018 ('the Listing Amendment Regulations') in the prescribed format, is given as under:

1. **COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE**

   Pradeep Metals Limited ('PML/the Company') is committed to the highest standards of Corporate Governance in all its endeavors by including in all its operations and processes, the principles of transparency, integrity, professionalism and accountability. PML believes in Corporate Governance as a necessary culture for achieving superior performance and its core being transparency, accountability, equity and openness in the working of the Management and the Board.

   GOVERNANCE STRUCTURE

   - The Company's governance structure comprises of the Board of Directors and the Committees of Board of Directors which function on the Principles of Prompt Decision Making, Statutory Compliance, Accurate and Timely Disclosures, Transparency and Monitoring in order to create a value addition for its Stakeholders. In line with these principles, the Company has formed two tiers of Corporate Governance Structure, viz.
     a) The Board of Directors; and
     b) Committees of Board of Directors
   - The Company has adopted a Code of Conduct for its Board of Directors including Independent Directors and Senior Management personnel, which is on the website of the Company. http://www.pradeepmetals.com/policies/
   - The Company has complied with the requirements stipulated under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
   - The Company has adopted an 'Internal Code of Conduct for Regulating, Monitoring and Reporting of Trades by Designated Persons' ("the Code") in accordance with the SEBI (Prohibition of Insider Trading) Regulations, 2015 (The PIT Regulations) and amendments thereto. The Code is applicable to Promoters, Member of Promoter's Group, all Directors and such Designated Employees who are expected to have access to unpublished price sensitive information relating to the Company. The Company Secretary is the Compliance Officer for monitoring adherence to the said PIT Regulations.
   - The Company has also formulated 'The Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information (UPSI)' in compliance with the PIT Regulations. This Code is displayed on the Company's website viz. http://www.pradeepmetals.com/policies/

2. **BOARD OF DIRECTORS**

   The Board of Directors of the Company comprises of a fair combination of Executive, Non-Executive and Independent Directors with diverse professional background complying with the provisions of the Companies Act, 2013 and the Listing Regulations.

   a. As on 31st March, 2019, the Company has 8 (Eight) Directors. Of the Eight Directors, 1(One) is Executive Director, 7(Seven) are Non-Executive Directors, of which 4(Four) are Independent Directors. The Chairman of the Company is an Executive Director and also the Managing Director. Except Chairman and Managing Director and Independent Directors, all other Non-Executive Directors are liable to retire by rotation.

   b. The Non-Executive Directors including Independent Directors on the Board are experienced, competent and highly renowned persons from the fields of industry, business management, finance & taxation, etc. They take active part at the Board and Committee meetings by providing valuable guidance and expertise to the Management on various aspects of business, policy direction, governance, compliance etc. and play critical role on strategic issues, which enhances the transparency and add value in the decision making process of the Board of Directors which ultimately leads to the success of the Company.

c. None of the Directors on the Board of Company holds directorship in more than 10 public companies.

d. Necessary disclosures regarding Committee positions in other public companies as on 31st March, 2019 have been received from the Directors.

e. Composition and category of Directors:

Name of Director	DIN	Category	
Mr. Pradeep Goyal	00008370	Promoter	Executive Director / Chairman and Managing Director
Mrs. Neeru P. Goyal	05017190	Promoter	Non-Executive & Non-Independent Director
Dr. Kewal Krishan Nohria	00060015	Non-Promoter	Non-Executive & Non-Independent Director
Mr. Omprakash Agarwal	00022796	Non-Promoter	Non-Executive & Non-Independent Director
Mr. Suresh G. Vaidya	00220956	Non-Promoter	Non-Executive & Independent Director
Mr. Jayavardhan Dhar Diwan	01565319	Non-Promoter	Non-Executive & Independent Director
Mr. Kartick Maheshwari	07969734	Non-Promoter	Non-Executive & Independent Director
Mr. Jaidev R. Shroff @	00191050	Non-Promoter	Non-Executive & Independent Director
Ms. Nandita Nagpal Vohra *	06962408	Non-Promoter	Additional (Non-Executive & Independent Director)

Notes:

- @ Mr. Jaidev R. Shroff resigned as Independent Director of Company w.e.f. 30th September, 2018.
- * Ms. Nandita Nagpal Vohra was appointed as Additional Director (Non-Executive-Independent) with effect from 28th December, 2018 to hold office till the conclusion of ensuing Annual General Meeting. It is proposed to appoint her as Independent Director from conclusion of Annual General Meeting upto 27th December, 2023.
- Pursuant to the provisions of Section 152 of the Companies Act, 2013, Ms. Neeru P. Goyal (DIN: 05017190) retires by rotation and being eligible, offers herself for re-appointment.
- Mr. Suresh Vaidya's term as an Independent Director expires at the conclusion of ensuing Annual General Meeting. He is being re-appointed for his second term for a period of 5 years from the conclusion of ensuing Annual General Meeting upto 41st Annual General Meeting and he is not liable to retire by rotation.

f. Details of the Equity Shares held by the Directors of Company as on 31st March, 2019 are as follows:

Name of Director	Category	Number of Shares Held
Mr. Pradeep Goyal	Executive Director, Chairman and Managing Director	15,76,400
Mrs. Neeru P. Goyal	Non-Executive & Non-Independent Director	9,19,927
Dr. Kewal Krishan Nohria	Non-Executive & Non-Independent Director	6,74,000
Mr. Omprakash Agarwal	Non-Executive & Non-Independent Director	10,622

g. Independent Directors:

- All the Independent Directors have confirmed that they meet the criteria as mentioned under Regulation 16(1) (b) of the Listing Regulations read with Section 149(6) of the Act.
- In terms of Regulation 25(8) of SEBI Listing Regulations, they have confirmed that they are not aware of any circumstance or situation which exists or may be reasonably anticipated that could impair or impact their ability to discharge their duties as Independent Director.
- On the basis of declarations received from all Independent Directors, the Board of Directors has confirmed that they meet the criteria of independence as mentioned under Regulation 16(1)(b) of the SEBI Listing Regulations and that they are independent of the Management.
- As per Regulation 17A of the Listing Regulations, Independent Directors of the Company do not

serve as Independent Director in more than seven listed companies. Further, the Chairman & Managing Director of the Company serves as an Independent Director in three listed entity.

- The maximum tenure of Independent Directors is in compliance with the Act.
- A formal letter of appointment to Independent Directors as provided in Companies Act, 2013 has been issued and disclosed on website of the Company viz. http://www.pradeepmetals.com/corporategovernance/
- In terms of Regulation 24 (1) of SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018, Mr. Jayavardhan Diwan, Independent Director is appointed as a Director(called "Manager" as per USA Laws) of Pradeep Metals Ltd, INC, Houston, USA, Company's Wholly Owned Subsidiary & of Dimensional Machine Works LLC, Houston, USA, Step Down Subsidiary Company w.e.f.31st March, 2019.

h. Board Meetings:

- The Company holds regular Board Meetings. The detailed agenda along with the explanatory notes are circulated to the Directors well in advance. The Directors can suggest inclusion of any item(s) in the agenda at the Board Meeting.
- The Company held Six (6) Board Meetings during the financial year ended 31stMarch, 2019. The gap between two Board Meetings did not exceed one hundred and twenty days. The necessary quorum was present for all the meetings.
- During the FY 2018-19, information as mentioned in Schedule II Part A of the SEBI Listing Regulations has been placed before the Board for its consideration.
- The terms and conditions of appointment of Independent Directors are disclosed on the website of the Company www.pradeepmetals.com.
- In terms of Regulation 25 of the Listing Regulations and Schedule IV to the CompaniesAct, 2013, the Independent Directors met on 15th March, 2019, without the presence of Non-Independent Directors or Members of Management. The Independent Directors *inter-alia*, reviewed performance of individual Directors, Chairman & Managing Director of the Company and Board / Committees.
- The Board periodically reviews the Compliance of all laws applicable to the Company.

i. Details of Board Meetings (BM) held during the year:

Dates of Board Meeting	09.05.2018	09.07.2018	14.08.2018	14.11.2018	06.02.2019	15.03.2019
Boards Strength	8	8	8	7	8	8
No. of Directors Present	8	6	7	5	8	7

The Company Secretary acted as a Secretary to all Board Meetings.

j. Attendance of each Director at the meeting of the Board of Directors and the last Annual General Meeting, Number of other Board Directorship or Committees in which a Director is a Member or Chairperson:

Name of Director	Attendance in Board Meeting	Attendance in last AGM	Other Directorship and Committee Membership / Chairmanship				Name of Listed Entities where person is Director and Category of Directorship
	Meetings held during the tenure/ Meetings Attended		Board Directorship * (incl. Chairman-ship)	Board Chairman-ship *	Committee Membership (incl. Chairman-ship) **	Committee Chairman-ship **	
Mr. Pradeep Goyal	6/6	Present	3	NIL	6	3	1.UPL Limited 2.Uniphos Enterprise Ltd

							3. Hind Rectifiers Ltd
Mrs. Neeru Goyal	6/6	Present	NIL	NIL	NIL	NIL	NIL
Dr. Kewal Krishan Nohria	6/4	Present	7	4	5	1	1. Igarashi Motors India Limited 2.Accelya Kale Solutions Limited
Mr. Omprakash Agarwal	6/6	Present	NIL	NIL	NIL	NIL	NIL
Mr. Suresh G. Vaidya	6/6	Present	1	NIL	1	NIL	The Victoria Mills Limited
Mr. Jayavardhan Dhar Diwan	6/6	Present	1	NIL	2	2	SNL Bearings Limited
Mr. Kartick Maheshwari	6/4	Present	NIL	NIL	NIL	NIL	NIL
Mr. Jaidev R. Shroff #	3/1	Absent	NA	NA	NA	NA	NA
Ms. Nandita Nagpal Vohra $	2/2	NA	NIL	NIL	NIL	NIL	NIL

- **Excludes Directorships/Chairmanships in Private Limited Companies, Foreign Companies and Companies under Section 8 of the Companies Act, 2013.*
- *** Only Audit and Stakeholders' Relationship Committee of Indian Public Limited Companies have been considered for the Committee positions.*
- *# Mr. Jaidev R. Shroff resigned as an Independent Director of Company w.e.f. 30th September, 2018. Reason for his Resignation: Personal Reasons*
- *$ Ms. Nandita Nagpal Vohra appointed as Additional (Non-Executive Independent) Director w.e.f. 28th December, 2018.*
- *None of the Directors is related to each other except Mr. Pradeep Goyal and Mrs. Neeru P. Goyal, who are related as husband-wife.*
- *NA- Not Applicable.*

k. The Board has identified the following skills/expertise/competencies as required in the context of its business(es) and sector(s) for it to function effectively and those currently available with the Board:

- **Knowledge about Company** - understanding of Company's business, policies, and culture (including it's mission, vision, values, goals, current strategic plan, governance structure, major risks and threats and potentialopportunities) and knowledge of the industry in which the Company operates.
- **Behavioral Skills** - attributes and competencies to use their knowledge and skills to function well as team members and to interact with key stakeholders.
- **Strategy and Planning** - Strategic thinking and decision making, envisaging long-term trends, strategic experience in guiding and leading the Management of Company to make decisions in dynamic business environment.
- **Financial Skills**.
- **Technical/Professional skills and specialized knowledge** to assist the ongoing aspects of the business.

l. Details of familiarization programme of the Independent Directors:

During the FY 2018-19, the Company had organized one in-house familiarization programs for the Independent Directors, details of which are as under:

Date of Programme	Area Covered	Duration
6th February, 2019	Key Amendments to SEBI(LODR) Regulations, 2015	2 Hours

The details of familiarization programs to the Independent Directors are also available on the website of the Company i.e. http://www.pradeepmetals.com/policies/

INFORMATION ON DIRECTORS RECOMMENDED FOR APPOINTMENT/ RE-APPOINTMENT AT THE ANNUAL GENERAL MEETING:

Name of the Director	Mrs. Neeru P. Goyal	Ms. Nandita Nagpal Vohra	Mr. Suresh G. Vaidya
Director Identification Number	05017190	06962408	00220956
Date of Birth	07/09/1958	03/08/1973	01/04/1939
Date of Appointment/ Reappointment	29/09/2016 (Date of re-appointment)	28/12/2018 (Date of appointment as Additional Director)	04/09/2014 (Date of re-appointment) as Independent Director)
Nationality	Indian	Indian	Indian
Qualification	B.Sc.(Chemistry) & MA in English Literature	B. com, MBA	L.T.M., B. Text, F.Inst.D
Expertise in Specific Functional Area	She has over 20 years of experience in manufacturing & exporting Engineered Goods	She has over 23 years of experience in Corporate and Financial Advisory	Technical & General Management Expert with wide experience in revival of sick units as well as managing the profit-making units
No. of shares held in the Company	9,19,927	NIL	NIL
Directorships held in other companies	Nami Capital Pvt Ltd (Formerly Rabale Engineering (India) Pvt. Ltd) Dhanlabh Engineering Works Pvt. Ltd Shubh Industrial Park Pvt. Ltd.	Tanaksh Innovations Private Ltd	The Victoria Mills Limited
Chairperson/ members of the Committee of the Board of Directors of the Company	Chairman: CSR Committee	NIL	Member- Audit Committee, Nomination & Remuneration Committee, Stakeholders Relationship Committee and CSR Committee
Chairman/Member of the Committee of the Board of Directors of other public companies(includes only Audit Committee and Stakeholders' Relationship Committee)	NIL	NIL	1
Relationship with other Directors	Wife of Mr. Pradeep Goyal, Chairman and Managing Director and belongs to the Promoter Group	-	-
No. of Board Meetings attended	6/6	2/2	6/6

3. COMMITTEES OF THE BOARD

The Board has Four Committees as on 31st March, 2019: Audit Committee, Nomination and Remuneration Committee, Stakeholder Relationship Committee and Corporate Social Responsibility (CSR) Committee.

Composition of Committees of Board:

Name of Director	Committees of the Board			
	Audit Committee	Nomination & Remuneration Committee	Stakeholder Relationship Committee	CSR Committee
Mr. Pradeep Goyal	-	-	-	-
Mrs. Neeru P. Goyal	-	-	-	Y (C)
Dr. Kewal Krishan Nohria	Y	Y	Y	-
Mr. Omprakash Agarwal	-	-	Y (C)	-
Mr. Suresh G. Vaidya	Y	Y	Y	Y
Mr. Jayavardhan Dhar Diwan	Y	Y (C)	-	Y
Mr. Kartick Maheshwari	Y (C)	Y	-	-
Mr. Jaidev R. Shroff *	-	-	-	-
Ms. Nandita Nagpal Vohra #	-	-	-	-

- (C) = Chairman
- * Mr. Jaidev R. Shroff resigned as an Independent Director of Company w.e.f 30th September, 2018.
- # Ms. Nandita Nagpal Vohra is appointed as Additional Director (Non-executive Independent) of Company w.e.f. 28th December, 2018.

i) AUDIT COMMITTEE

The Audit Committee of the Company is constituted in line with the provisions of Regulation 18 and Schedule II Part C of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018 read with Section 177 of the Companies Act, 2013. The primary objective of the Audit Committee is to monitor and provide effective supervision of the Management's Financial Reporting process with a view to ensuring accurate, timely and proper disclosures and transparency, integrity and quality of financial reporting.

Extracts of the terms of reference:

(i) Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
(ii) Reviewing with the Management the annual financial statements and auditors' report thereon before submission to the Board for approval;
(iii) Approval or any subsequent modification of transactions of the Company with related parties;
(iv) Scrutiny of inter-corporate loans and investments;
(v) Evaluation of Internal Financial Controls and Risk Management Systems;
(vi) Reviewing with the Management, performance of Statutory and Internal Auditors and adequacy of the Internal Control Systems;
(vii) Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
(viii) To review the Financial statements, in particular, the investments made by the unlisted subsidiaries of the Company; and
(ix) To review the utilization of loans and/ or advances from/investment by the holding Company in the subsidiary exceeding rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans/advances/investments.

The Audit Committee mandatorily reviews the following:

a. Management Discussion and Analysis of financial condition and results of operations;

b. Statement of significant related party transactions (as defined by the Audit Committee), submitted by Management;
c. Management letters / letters of internal control weaknesses issued by the Statutory Auditors;
d. Internal Audit Reports relating to Internal Control Weaknesses;
e. The appointment, removal and terms of remuneration of the Chief Internal Auditor, if any.
f. Statement of deviations, if any;
   (a) Quarterlystatement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1).
   (b) Annual statement of funds utilized for purposes other than those stated in the offer document/ prospectus/notice in terms of Regulation 32(7).

Powers of the Audit Committee:

The Audit Committee has following powers:

(i) To investigate any activity within its term of reference.
(ii) To seek information from any employee.
(iii) To obtain outside legal or other professional advice.
(iv) To secure attendance of the outsiders with relevant expertise, if it's considered necessary.

Composition of Audit Committee (AC) and attendance of Members:

Name of Director	Audit Committee Meetings (2018-19)				
	09.05.2018	09.07.2018	14.08.2018	14.11.2018	06.02.2019
Mr. Kartick Maheshwari - Chairman	Present	Present	Present	Absent	Present
Dr. Kewal Krishan Nohria	Present	Absent	Present	Absent	Present
Mr. Suresh G. Vaidya	Present	Present	Present	Present	Present
Mr. Jayavardhan Dhar Diwan	Present	Present	Present	Present	Present

- The Company Secretary acted as a Secretary to all Audit Committee Meetings.
- All the Members of the Audit Committee except Dr. Kewal Krishan Nohria are Independent Directors.
- Chairman of the Audit Committee had attended the previous Annual General Meeting of the Company.

ii) NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee is constituted in line with the provisions of Regulation 19 of the SEBI (Listing and Disclosures Requirements) Regulations, 2015, read with Section 178 of the Companies Act, 2013 and SEBI(Listing and Disclosures Requirements) (Amendment) Regulations, 2018. The Company considers its human resources as its invaluable assets. The policy on remuneration of Directors, Key Managerial Personnel (KMPs) and other employees has been formulated in terms of the provisions of the Companies Act, 2013.

Extracts of the terms of reference:

(i) Formulation of the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board of Directors a policy relating to the remuneration of the Directors, Key Managerial Personnel and other employees.

(ii) Devise a policy on diversity of Board of Directors.

(iii) Recommend to the Board the appointment or reappointment of Directors and whether to extend or continue the term of appointment of the Independent Director, on the basis of the report of performance evaluation.

(iv) Periodical review of the composition of the Board with the objective of achieving an optimum balance of size, skills, independence, knowledge, age, gender and experience.

(v) Carry out evaluation of every Director's performance and support the Board and Independent Directors in evaluation of the performance of the Board, its Committees and Individual Directors. This shall include "Formulation of criteria for evaluation of Independent Directors and the Board".

Additionally, the Committee may also oversee the performance review process of the KMP and Executive team of the Company.

(vi) On an annual basis, recommend to the Board the remuneration payable to the Directors and oversee the remuneration to Executive Team or Key Managerial Personnel of the Company and all remuneration in whatever form payable to Senior Management.

Composition of Nomination & Remuneration Committee (NRC) and Attendance of Members:

Name of Director	Nomination & Remuneration Committee Meetings (2018-19)				
	09.05.2018	**09.07.2018**	**14.11.2018**	**06.02.2019**	**15.03.2019**
Mr. Jayavardhan Dhar Diwan (Chairman)	Present	Present	Present	Present	Present
Dr. Kewal Krishan Nohria	Present	Absent	Absent	Present	Present
Mr. Suresh G. Vaidya	Present	Present	Present	Present	Present
Mr. Kartick Maheshwari	Present	Present	Absent	Present	Absent

- The Company Secretary acted as a Secretary to all Nomination & Remuneration Committee Meetings.
- All the Members of the NRC except Dr. Kewal Krishan Nohria are Independent Directors.

Performance evaluation criteria for Independent Directors:

Performance evaluation of all Directors (including Independent Directors) was done on the basis of a structured questionnaire prepared in line with the Guidance Note issued by the SEBI vide its circular dated 5th January, 2017.

Remuneration of Directors

Remuneration to Chairman and Managing Director/Executive Director:

The remuneration to be paid to the Chairman and Managing Director/Whole-time Directors etc. are governed as per the provisions of the Companies Act, 2013 and rules made there under or any other enactment for the time being in force and the approvals obtained from the Members of the Company.

The Nomination and Remuneration Committee makes such recommendations to the Board of Directors, as it may consider appropriate with regard to the remuneration to Chairman and Managing Director, based on the performance of the Company.In view the improved profitability of the Company during the year, the Committee recommended and the Board approved payment of Incentives of Rs. 25 lakhs to Chairman and Managing Director as Incentives for the FY 2018-19 as per the terms mentioned in the Agreement executed between Pradeep Metals Limited and Mr. Pradeep Goyal, Chairman and Managing Director.

Remuneration to Non- Executive/ Independent Directors:

The Non-Executive/ Independent Directors receive sitting fees and such other remuneration as permissible under the provisions of the Companies Act, 2013. The amount of sitting fees are such as may be recommended by the Nomination and Remuneration Committee and approved by the Board of Directors from time to time.

The Members of Company in the Annual General Meeting of Company held on 4thSeptember, 2014, had accorded their consent for payment of commission to the Directors of the Company (other than the Directors who are either in whole time employment of the Company or belong to the Promoters' Group). Accordingly,in view of the improved performance of the Company the total Commission of Rs. 7.25 lakhs was paid to the Directors for the financial year 2018-19. (Break up is mentioned in the below table)

An Independent Director is not eligible to get stock options and also shall not be eligible to participate in any share based payment schemes of the Company.

Pecuniary relationship or transactions of Non-Executive Directors:

During the year under review, there was no pecuniary relationship and transactions of any Non-Executive Directors with the Company.

Details of remuneration to the Non-executive/Non-Independent/Independent Directors during the year 2018-19 are given below:

(Amount in Rs.)

Name	Sitting Fees	Commission	Total
Mrs. Neeru P. Goyal	1,50,000	-	1,50,000
Dr. Kewal Krishan Nohria	2,75,000	1,00,000	3,75,000
Mr. Omprakash Agarwal	1,75,000	1,50,000	3,25,000
Mr. Suresh G. Vaidya	4,25000	1,50,000	5,75,000
Mr. Jayavardhan Dhar Diwan	4,00,000	1,50,000	5,50,000
Mr. Kartick Maheshwari	2,75,000	1,00,000	3,75,000
Mr. Jaidev R. Shroff *	25,000	25,000	50,000
Ms. Nandita Nagpal Vohra#	50,000	50,000	1,00,000
TOTAL	**17,75,000**	**7,25,000**	**25,00,000**

Notes:

- *Mr. Jaidev R. Shroff was not appointed as member of Committees of Company; he resigned as an Independent Director of Company w.e.f 30th September, 2018.
- # Ms. Nandita Nagpal Vohra is appointed as Additional Director (Non-executive Independent) of Company w.e.f. 28th December, 2018.
- The Company currently has no Stock Options for its Directors.
- In FY 2018-19, the Company did not advance any loan to any of the Directors.

Details of remuneration to the Chairman and Managing Director (CMD) during the year 2018-19 are given below:

Name of the Director	Salary Rs.	Benefits Rs.	Incentive Pay	Total Rs.	Service Contract/ Notice Period/ Severance fees/ Pension
Mr. Pradeep Goyal	84,00,000	39,600	25,00,000	109,39,600	Re-appointed for a period of 3 years i.e. from 17.12.2017 to 16.12.2020

iii) SHAREHOLDERS'/ INVESTORS GRIEVANCE COMMITTEE/STAKEHOLDERS RELATIONSHIP COMMITTEE.

The Shareholders' / Investors Grievance Committee/ Stakeholders Relationship Committee (SRC)is constituted in line with the provisions of Regulation 20 of the Listing Regulations, read with Section 178 of the Companies Act, 2013. The Board has constituted Shareholders' / Investors Grievance Committee consisting of 3 Directors of which 2 are Non-Executive -Non Independent Directors and 1 Independent Director, to look into redressal of grievances of shareholders, including complaints for transfer, transmission, non-receipt of declared dividends / annual report etc. The Committee also looks into matters which can facilitate better investor's service and relations.

Extracts of the terms of reference:

a. Resolving the grievances of the security holders of the listed entity including complaints related to transfer/ transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/ duplicate certificates, general meetings etc.

b. Review of measures taken for effective exercise of voting rights by shareholders.

c. Review of adherence to the service standards adopted by the listed entity in respect of various services being rendered by the Registrar & Share Transfer Agent.

d. Review of the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the company.

Composition of Committee:

Name of Director	Stakeholders Relationship Committee Meeting (2018-19) 06.02.2019
Mr. Omprakash Agarwal - Chairman	Present
Dr. Kewal Krishan Nohria	Present
Mr. Suresh G. Vaidya	Present

- The Company Secretary acted as a Secretary to all SRC Meetings.

Compliance officer:

Name of the Compliance Officer *	Ms. Nivedita Nayak, Company Secretary & Compliance Officer
Contact Details	Pradeep Metals Limited, R-205, MIDC, Rabale, Navi Mumbai - 400701.Tel No (Off): 022-27691026 Extn: 116
E-mail ID	investors@pradeepmetals.com

- *Mr. Harshad Babade resigned as Company Secretary & Compliance Officer of Company w.e.f. 31st October, 2018 and Ms. Nivedita Nayak appointed as Company Secretary & Compliance Officer of Company w.e.f.18th March, 2019.

Details of Complaints:

Number of Shareholders' Complaints received and resolved so far	Number not solved to the satisfaction of shareholders	Number of pending complaints
4/4	**Nil**	**Nil**

iv) CORPORATE SOCIAL RESPONSIBILITY COMMITTEE.

The Corporate Social Responsibility Committee (CSRC) is constituted in line with the provisions of Section 135 of the Companies Act, 2013. The Board has constituted Corporate Social Responsibility Committee consisting of 3 Directors of which 1 is Non-Executive - Non Independent Director and 2 are Independent Directors.

Extracts of the terms of reference:

- Formulate and recommend to Board, a CSR Policy indicating the activities to be undertaken by the Company in accordance with Schedule VII of the Companies Act, 2013
- Recommend the amount expenditure to be incurred on the activities mentioned in the CSR Policy

Composition of Committee:

Name of Director	Corporate Social Responsibility Committee Meetings (2018-19) 14.08.2018
Mrs. Neeru P. Goyal - Chairperson	Present
Mr. Jayavardhan Dhar Diwan	Present
Mr. Suresh G. Vaidya	Present

- The Company Secretary acted as a Secretary to all CSR Committee Meetings.

4. SUBSIDIARY COMPANIES

The Board of Directors of the Company has approved a Policy for determining Material Subsidiaries which is in line with the Listing Regulations as amended. The said policy has been uploaded on the website of the Company viz. http://www.pradeepmetals.com/policies/

5. GENERAL BODY MEETINGS

Details of Annual General Meetings held in the three previous years and Special Resolutions passed there at:

Financial Year **Date and Time** **Venue**	2015-16 29th September, 2016 at 03.00 p.m. Monarch Banquets, Plot No. 110/111, MIDC, Rabale, Navi Mumbai-400701	No Special Resolution was passed at this AGM.
Financial Year **Date and Time** **Venue**	2016-17 21st August, 2017 at 03.00 p.m. Monarch Banquets, Plot No. 110/111, MIDC, Rabale, Navi Mumbai-400701	Re-appointment of Mr. Pradeep Goyal as Chairman and Managing Director of the Company and payment of remuneration for a period of 3 years w.e.f. 17th December, 2017 to 16th December, 2020.
Financial Year **Date and Time** **Venue**	2017-18 14th August, 2018 at 3.00 p.m. N.K. Mehra Memorial Hall, Thane Belapur Industries Association, P-14, MIDC, Opposite Rabale Railway Station, Rabale, Navi Mumbai-400701	1. Re-appointment of Dr. Kewal Krishan Nohria as Non-Executive Director of Company who retired by rotation and had attained age of 75 years. 2. Approved the continuation of appointment of Mr. Omprakash Agarwal as Non-Executive Director of Company,who had attained age of 75 years. 3. Approved the continuation of appointment of Mr. Suresh G. Vaidya as Independent Director of Company, who had attained age of 75 years.

Details of Special Resolutions put through Postal Ballot during last year along with voting pattern:
During the year under review, no resolution was passed through Postal Ballot.

Details of the Special Resolution proposed to be conducted through postal ballot:
The Company does not propose to pass any Resolution through postal ballot at the time of ensuing Annual General Meeting.

The Procedure for postal Ballot:
Not Applicable.

6. **MEANS OF COMMUNICATION**

Quarterly/half yearly Results:
The quarterly, half yearly and yearly financial results of the Company are submitted to BSE Limited where the shares of the Company are listed, immediately after they are approved by the Board.

Publication of quarterly/half yearly results:
The quarterly, half yearly and annual results are published by the Company in the Marathi and English edition of Mumbai Lakshdeep and Financial Express respectively.

Website Disclosures:
The Company's website www.pradeepmetals.com contains all important public domain information and also the financial results of the Company.

Official News Releases on Website:
All financial and other vital official news releases are also communicated to the concerned stock exchange, besides being placed on the Company's website. The Company also publishes the Annual Report and shareholding pattern on its website http://www.pradeepmetals.com/reports.html

Presentation made to institutional investors or to the analysts:
The Company has not made any presentation to institutional investors or to the analysts during the year under review.

7. **GENERAL SHAREHOLDERS INFORMATION**

   1. **Day, Date, Time & Venue of Annual General Meeting:**
      The 36th General Meeting of the Members of Pradeep Metals Limited will be held at N.K. Mehra Memorial Hall, Thane Belapur Industries Association, P-14, MIDC, oppositeRabale Railway Station, Rabale, Navi Mumbai 400701 on Saturday, **10th August, 2019**, at 3.00 p.m.

2. a. **Financial Year of the Company:** 1st April to 31st March every year.

   b. **Financial Calendar for FY 2019-20**

Results for the quarter ending:	To be published:
Q1 – 30th June, 2019	On or before 14th August, 2019
Q2 – 30th September, 2019	On or before 14th November, 2019
Q3 – 31st December, 2019	On or before 14th February, 2020
Q4 – 31st March, 2020	On or before 30th May, 2020

3. **Dividend Payment Date:**
   The Board has recommended 10% Dividend i.e. Re. 1 per share for Equity shares of Rs. 10 each for the FY 2018-19. Dividend shall be distributed within 30 days of declaration i.e. within 30 days from the date of Annual General Meeting which will be held on 10th August, 2019.

4. **Date of Book Closure:**
   From Saturday 3rd August, 2019 till Friday9th August, 2019 (both days inclusive).

5. **Listing on Stock Exchange:** The Equity Shares of the Company are listed on BSE Limited. The Company has paid Annual Listing Fee for the financial year 2019-20.

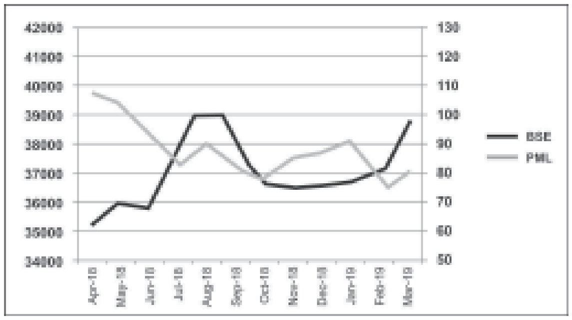
6. **Stock Exchange Code (Equity):**

Stock Exchange	Scrip Code
BSE Limited (BSE)	513532

7. **Stock Market price Data:**
   Table below gives the monthly high and low prices and volumes of trading of Equity shares of the Company at BSE Limited (BSE) for the year 2018-19:

Month	High Rs.	Low Rs.	Volume
April 2018	107.00	91.40	42,259
May 2018	104.40	85.45	58,371
June 2018	96.00	73.10	39,057
July 2018	85.00	71.80	38,570
August 2018	90.00	72.70	36,067
September 2018	84.40	67.00	61,527
October 2018	80.00	67.45	26,465
November 2018	84.95	59.00	74,583
December 2018	86.00	73.05	27,104
January 2019	90.00	70.55	53,593
February 2019	75.70	65.05	18,891
March 2019	81.00	66.20	1,07,557

8. Company's Performance in comparison to broad-based indices (BSE Sensex):



9. Registrar and Share Transfer Agent:

Link Intime India Private Limited
C-101, 247 Park, L.B.S. Marg, Vikhroli (W), Mumbai 400 083.
Contact No.: 022 - 4918 6000; (Fax) 022- 4918 6060

10.Share Transfer System:

Presently, the share transfers, which are received in physical form, are processed, registered and returned by the Registrar and Share Transfer Agents within 15 days from the date of receipt of documents, provided the documents are found in order. Shares under objection are returned within 15 days. The Company obtains from a Practicing Company Secretary a half yearly certificate of compliance with the share transfer formalities as required under Regulation 40(9) of the Listing Regulations and files a copy of the Compliance certificate with the BSE Limited.

11. Distribution of Shareholding as on 31st March, 2019:

A. Distribution of shares according to size of holding

No. of Equity Shares held	No. of Shareholders	Share Amount (Rs)	% Total Issued Amount
Upto 5000	3615	5488620	3.18
5001-10000	375	3137980	1.82
10001-20000	204	2958520	1.71
20001-30000	61	1560500	0.90
30001-40000	35	1251170	0.72
40001-50000	35	1648800	0.95
50001-100000	53	3801250	2.20
100001 and above	52	152853160	88.51
Total	**4430**	**172,700,000**	**100.00**

B. Pattern of Shareholding by categories of shareholders

Category	No. of Shares	% of Total Shares
Promoters	12,468,869	72.20
Mutual Funds and UTI	1,100	0.0064
Foreign Portfolio Investors	4,100	0.02
NBFC Registered with RBI	1,502	0.009
Corporate Bodies	81,873	0.47
Foreign Individual/ NRIs/OCBs	5,02,597	2.91
Clearing Members	10,339	0.06
Hindu Undivided Family	1,67,684	0.97
Indian Public	30,44,997	17.63
Trust	1,000	0.006
Directors and relatives	6,93,622	4.02
IEPF	292317	1.69
Total	**17,270,000**	**100.00**

12. Dematerialization of shares and liquidity:

Trading in Equity shares of the Company on the Stock Exchange is permitted only in dematerialized form as per notification issued by SEBI.

Following are the details of shares held in Demat and Physical form:

Demat: 1,65,39,980 Equity Shares – 95.77% of Share Capital

Physical: 7,30,020 Equity Shares – 4.23% of Share Capital

The Company's shares are among the regularly traded shares on BSE Limited.

13. Outstanding GDR, ADR or warrants or any convertible instruments:

There are no outstanding instruments which are convertible into equity shares and resultantly, there is no impact on Equity Share Capital.

14. Plant Location:

Pradeep Metals Limited,
R-205, 206, 207/1, MIDC, TTC Industrial Area, Rabale, Navi Mumbai - 400701.

15. Address for Correspondence:

Investor Correspondence:

i. **Link Intime India Private Limited** C-101, 247 Park, L.B.S. Marg, Vikhroli(W), Mumbai- 400 083. Contact No.: 022- 4918 6000 Email: rnt.helpdesk@linkintime.co.in	ii. **Ms. Nivedita Nayak** **Company Secretary & Compliance Officer** Pradeep Metals Limited, R-205, MIDC, Rabale,Navi Mumbai - 400701. Tel No.: +91-22-27691026 Fax: +91-22-27691123 Email: investors@pradeepmetals.com Website:www.pradeepmetals.com CIN: L99999MH1982PLC026191

16. Legal proceedings:

As on March 31, 2019, there were two pending disputes: one in respect of bonus payment to existing and retired workers for FY 2010-2011 and another w.r.t. NMMC Cess. (For details see Note 36 (A) of Standalone Financial Statement).

17. Unpaid / Unclaimed Dividend:

Pursuant to IEPF (uploading of Information regarding unpaid & unclaimed amounts lying with companies) Rules, 2012, the Company has uploaded the said details as of the date of last AGM viz. 14th August, 2018 on the website of the Company viz. www.pradeepmetals.com and also on the website of the Ministry of Corporate Affairs.

Amount of the unclaimed dividend, from the final dividend declared for FY 2011-12 by the Company, will be transferred to the Investor Education and Protection Fund (IEPF) on or before 4th November, 2019 along with the shares on which dividend remains unclaimed for seven consecutive years as per Section 124 of the Act.

18. Credit Ratings:

The Company's financial discipline and prudence is reflected in the credit ratings ascribed by the rating agency as given below:

Rating Agency	**CRISIL Limited dated 08.11.2018**	**CRISIL Limited dated 08.04.2019**
Total Bank Loan facilities rated	Rs. 9,600 lakhs	Rs. 10,200 lakhs
Long-term Rating	**CRISIL BB +**/Positive(Outlook revised from “Negative and Rating Reaffirmed)	**CRISIL BBB-**/Stable (Upgraded from CRISIL BB+/Positive)
Short-term Rating	**CRISIL A4 +** (Reaffirmed)	**CRISIL A3** (upgraded from CRISIL A4+)

19. OTHER DISCLOSURES

a. Disclosures on materially significant related party transactions that may have potential conflict with the interest of the Company at large:

The particulars of the transactions between the Company and related parties, as per the Accounting Standards, the Companies Act, 2013, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018 etc., are mentioned separately in Notes to Accounts - forming part of the Annual Accounts.

Company has not entered into any material transactions with its promoters or directors or management or relatives etc. (other than with its Wholly Owned Subsidiary Company, Pradeep Metals Ltd, Inc, Houston, USA). Further, there are no transactions which have potential conflict with the interest of the Company. All transactions with the Related Parties were in the ordinary course of business and at arm's length basis. The details thereof are mentioned in Form No. AOC-2 annexed to Director's Report.

b. Details of non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchanges or SEBI or any statutory authority on any matter related to capital markets during the last three years:

There was no non-compliance during financial Year 2016-17 and 2017-18. Instance of the non-compliances occurred during the financial year 2018-19 are as follows:

i) *During the year, the amount towards unclaimed/unpaid dividend from FY 2010-11 was due to be credited to the Investor Education and Protection Fund on 3rd September, 2018. However, the amount was credited on 12th October, 2018, resulting into delay of 39 days.*

ii) *M/s. S.V. Shah Construction Services Private Limited ('S.V. Shah' – a Promoter Group Entity holding 22.03% in Pradeep Metals Limited) merged with M/s. Rabale Engineering (India) Private Limited ('Rabale' - another Promoter Group Entity holding 35.71% in Pradeep Metals Limited) vide NCLT Order dated 30th August, 2018 with effect from 1st October, 2018. This resulted into the later becoming 'Holding Company' of PML with total shareholding of 57.74%. (Post amalgamation Rabale has changed its name to Nami Capital Private Limited). The said change should have been reported in the quarterly Shareholding pattern filed for the quarter ended December, 2018; however, the same was reported in quarterly filing of March, 2019.*

c. Whistle-Blower Policy and confirmation that no person has been denied access to the Audit Committee:

Pursuant to Section 177(9) and (10) of the Companies Act, 2013, the Company has a Whistle-Blower Policy for establishing a vigil mechanism for Directors and Employees to report genuine concerns regarding unethical behavior, actual or suspected fraud or violation of the Company's Code of Conduct and Ethics Policy.

The said mechanism also provides for adequate safeguards against victimization of persons who use such mechanism and makes provisions for direct access to the Chairperson of the Audit Committee in appropriate or exceptional cases. We affirm that no employee of the Company was denied access to the Audit Committee. The said Whistle-Blower policy has been hosted on the website of the Company.

d. Details of compliance with mandatory requirements and adoption of the non-mandatory requirements:

The Company has complied with the mandatory requirements of Regulation 27 of the Listing Regulations, which are detailed in the Annual Report. The Company has obtained a certificate from the Auditors certifying its compliance with the provisions of SEBI Listing Regulations 2015. This certificate is attached to the Annual Report for FY 2018-19.

e. Web link where policy for determining 'material' subsidiaries is disclosed:

The Company's investment in wholly owned subsidiary is falling within criteria prescribed in Regulation 23 of Listing Regulations (including any statutory enactments/amendments thereof) in respect of material subsidiary. Below is the web link for policy adopted by Board for determining material subsidiaries: http://www.pradeepmetals.com/policies/

f. **Web link where policy on dealing with related party transactions:**
Below is the web link for policy adopted by Board on dealing with Related Party transactions: http://www.pradeepmetals.com/policies/

g. **Commodity price risk or Foreign exchange risk and hedging activities:**
The Company avails Pre-Shipment Credit (PCFC) in Foreign Currency, which is converted at the existing rate in Indian Rupees. Part of the Rupee term loans are also converted into Foreign Currency loans from time to time. The Company exports about 65 % of its products and does not have any significant imports.There is enough natural hedge for the Foreign currency term loan payments falling due from time to time and, hence, no hedging is considered necessary.

Please refer to Note 48 pertaining to "Disclosure in respect of "Foreign currency exposures" that are not hedged by derivative instruments respectively of the Standalone Financial Statement in this regard.

Commodity price risk is mitigated through following proper Costing Model and Price fixation matrix ensuring that raw materials are procured as per Production planning as well as contracts with Suppliers which may contain cap on prices for duration of the contract.

h. **Details of utilization of funds raised through preferential allotment or qualified institutions placement as specified under Regulation 32 (7A):** Not Applicable

i. **Company has received a certificate from Shweta Gokarn & Co, Practicing Company Secretaries that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as Directors of Companies by the Board/Ministry of Corporate Affairs or any such statutory authority.** Copy of the said Certificate is annexed herewith as a part of the report.

j. **Whether the Board had not accepted any recommendation of any Committee of the Board which is mandatorily required, in the relevant financial year:**There were no such instances.

k. **Total fees for all services paid by the listed entity and its subsidiaries, on a consolidated basis, to the statutory auditor and all entities in the network firm/network entity of which the statutory auditor is a part:**
Total fees paid to the Statutory Auditors on consolidated basis is Rs. 27.47 lakhs for FY 2018-19.

l. **Disclosures in relation to sexual harassment of women at work place (Prevention, Prohibition and Redressal) Act, 2013:**

No. of Complaints filed during the financial year	No. of Complaints disposed of during the financial year	No. of Complaints pending as on end of the financial year
0	0	0

m. **Disclosure of the discretionary requirements as specified in Part E of Schedule II:**

i. **The Board**
The Chairman of the Company is an Executive Director and his office with required facilities is provided and maintained by the Company.

ii. **Shareholder Rights**
As the Company's quarterly, half yearly and yearly results are published in an English newspaper and a Marathi newspaper and also displayed on the website of the Company www.pradeepmetals.com and disseminated to the Stock Exchange (BSE Limited) wherein the shares of the Company are listed, hence separately not circulated to the shareholders.

iii. **Modified opinion(s) in audit report**
There are no modified opinions contained in the Audit report.

iv. **Separate posts of Chairperson and Chief Executive Officer**
Though not applicable the Company will consider segregation of the post of the Chairman & Chief Executive Officer of the Company at appropriate time. Presently, Mr. Pradeep Goyal is the Chairman and Managing Director of the Company.

v. **Reporting of Internal Auditor**
The Internal Auditors report directly to the Audit Committee. Quarterly internal audit reports are submitted to the Audit Committee which reviews the audit reports and suggests necessary action.

vi. **The compliance with corporate governance requirements specified in Regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of the SEBI (Listing Obligations and Disclosures Requirements) Regulation, 2015**
The Company has complied with Corporate Governance requirements specified in Regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of the Listing Regulations.

vii. **Secretarial Audit Report**
Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Rules made there under, M/s. Shweta Gokarn & Co., Practicing Company Secretaries, Navi Mumbai (Certificate of Practice Number: 11001) has conducted Secretarial Audit of the Company. The Secretarial Auditors' Report for the financial year ended 31st March, 2019 forms part of the Annual Report.

Reply to the Observations made in the Secretarial Audit Report has been given in the Director's Report.

viii. **Appointment of Chief Financial Officer of the Company**
Mr. Dilip Dalvi was appointed as Deputy Chief Financial Officer w.e.f. 9th May, 2018 and he resigned w.e.f. 14th November, 2018.

Ms. Kavita Choubsia Ojha was appointed as Chief Financial Officer of the Company w.e.f. 14th November, 2018 to perform the duties of Chief Financial Officer pursuant to provisions of Section 203 of the Companies Act, 2013 and as per the Listing Regulations, 2015.

ix. **Reconciliation of share capital audit report**
As stipulated by SEBI, a qualified Practicing Company Secretary namely Ms. Shweta Gokarn carries out Secretarial Audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. This audit is carried out every quarter and the report thereon is submitted to the Stock Exchanges where the Company's shares are listed. The audit confirms that the total Listed and Paid-up Capital is in agreement with the aggregate of the total number of shares in dematerialized form (held with NSDL and CDSL) and total number of shares in physical form.

x. **Compliance with Secretarial Standard**
The Institute of Company Secretaries of India, a Statutory Body, has issued Secretarial Standards on various aspects of corporate law and practices. The Company has complied with each one of them.

DECLARATION BY THE CHAIRMAN & MANAGING DIRECTOR UNDER REGULATION 34 (3) READ WITH PARA (D) OF SCHEDULE V OF SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015:

Pursuant to the provisions of Regulation 34(3) read with Schedule V (D) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, it is hereby declared that all the Board Members and Senior Management personnel of Pradeep Metals Limited have affirmed Compliance with the Code of Conduct for the period from 1st April, 2018 to 31st March, 2019.

For and On behalf of the Board of Directors
Pradeep Metals Limited

Pradeep Goyal
Chairman and Managing Director
(DIN: 00008370)

Date: 15th May, 2019
Place: Navi Mumbai

CEO / CFO CERTIFICATION

The Board of Directors,
Pradeep Metals Limited
R-205, MIDC, Rabale,
Navi Mumbai 400 701

Ref: Certificate under Regulation 17(8) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

This is to certify that:

A. We have reviewed financial statements and the cash flow statement for the year ended 31st March, 2019 and that to the best of our knowledge and belief:

1. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
2. These statements together present a true and fair view of the Company's affairs and are in compliance with the existing accounting standards, applicable laws and regulations.

B. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the period which are fraudulent, illegal or in violation of the Company's code of conduct.

C. We accept responsibility for establishing and maintaining internal controls and that we have evaluated the effectiveness of internal control systems of the Company and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

D. We have indicated to the Auditors and the Audit Committee:

1. Significant changes in internal control during the quarter/year ended 31st March, 2019;
2. Significant changes in accounting policies during the quarter/year ended 31st March, 2019 and that the same have been disclosed in the notes to the financial statements; and
3. Instances of significant fraud of which we have become aware and the involvement therein, if any, of the Management or an employee having a significant role in the Company's internal control system over financial reporting.

	Sd/-	Sd/-
	Pradeep Goyal	Kavita Choubsia Ojha
Date: 15th May, 2019	**Chairman and Managing Director**	**Chief Financial Officer**
Place: Navi Mumbai	(DIN: 00008370)	

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS (PURSUANT TO REGULATION 34(3) AND SCHEDULE V PARA C CLAUSE (10)(I) OF THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015) AND SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) (AMENDMENT) REGULATIONS, 2018.

To,
The Members,
Pradeep Metals Limited
R-205, TTC Industrial Area, MIDC,
Rabale Post Ghansoli,
Navi Mumbai 400701.

I, Shweta Gokarn, Founder of M/s. Shweta Gokarn & Co., Practicing Company Secretaries, Navi Mumbai have examined the relevant registers, records, forms, returns, and disclosures received from the Directors of M/s. **Pradeep MetalsLimited** (CIN L99999MH1982PLC026191) having its registered office at R 205, TTC Industrial Area, MIDC, Rabale Post Ghansoli, Navi Mumbai – 400701 (hereinafter referred to as '**the Company'**), produced before me by the Company for the purpose of issuing this certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosures Requirements) Regulations, 2015 and SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018.

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to me by the Company & its officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March, 2019 have been debarred or disqualified from being appointed or continuing as Directors of Companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, Registrar of Companies, Mumbai or any such other Statutory Authority.

Sr. No.	Name Of The Directors	DIN	Date of Appointment / Reappointment & Resignation in Company
1.	Mr. Pradeep Vedprakash Goyal	00008370	17/12/2017
2.	Mrs. Neeru P. Goyal	05017190	29/09/2016
3.	Dr. Kewal Krishan Nohria	00060015	14/08/2018
4.	Mr. Omprakash Kishanlal Agarwal	00022796	21/08/2017
5.	Mr. Suresh G. Vaidya	00220956	04/09/2014
6.	Mr. Jayavardhan Dhar Diwan	01565319	13/05/2017
7.	Mr. Kartick Maheshwari	07969734	10/11/2017
8.	Mr. Jaidev R. Shroff	00191050	30/09/2018 (Resignation)
9.	Mrs. Nandita Nagpal Vohra	06962408	28/12/2018

Ensuring the eligibility for the appointment/continuity of every Director on the Board is the responsibility of the Management of the Company. My responsibility is to express an opinion on these secretarial records based on my verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For Shweta Gokarn & Co.
Company Secretaries

Place: Navi Mumbai
Date: 6th May, 2019

Ms. Shweta Gokarn
ACS: 30393 CP No: 11001

INDEPENDENT AUDITORS' REPORT

To,
The Members of
Pradeep Metals Limited

Report on the Audit of Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of **Pradeep Metals Limited**('the Company') which comprise the Balance Sheet as at 31st March 2019, the Statement of Profit and Loss (including other comprehensive income), the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory information (together referred to as 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 including the Ind AS, of the state of affairs of the Company as at 31st March 2019, and its profit including other comprehensive income, the changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the 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 opinion.

Emphasis of Matter

Reference is invited to note 5.2 to standalone financial statements. We are informed that in view of settlement of legal dispute in step down subsidiary (SDS) of the Company in previous year, improved operational performance of WOS during the current financial year and management's expectation of further revival in the demand for the products in which WOS and SDS are dealing would enable the WOS and SDS to recoup the accumulated losses on consolidated basis. Considering the above and based on management opinion, no provision for loan granted and diminution in the value of investment in WOS is required. The above matter was reported by us under Emphasis of Matter paragraph in the Independent audit report issued by us under the Companies Act, 2013 for the year ended 31st March 2018.

Our opinion is not modified in respect of above matter and was not modified in previous year also.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter & how our audit addressed the key audit matter

1. **Investments in WOS and loans granted to WOS**

   Refer note 5.2 to standalone financial statements and Emphasis of matter paragraph as stated above.

   - As on 31st March 2019, balance of the loan granted is 172.89 lakhs and value of investments in WOS with a carrying value of Rs. is Rs. 879.10 lakhs.
   - There are accumulated losses in WOS and SDS on consolidated basis as on 31st March 2019.

   As part of our audit procedures, we evaluated the design and effectiveness of internal control process to review indicators for impairment of loans and investments. We verified the loan confirmations and compliance with repayment schedule. We verified the improvement in operational performance of WOS during the current financial year and the forecasts of the management based on which it is expecting further revival in the demand for the products in which WOS and SDS are dealing.

2. **Inventory valuation (WIP)**

The nature of items produced by the Company are customized and are unique (i.e. non standardized items), this poses a challenge of inventory valuation especially in respect of in work in progress (WIP). As at 31st march 2019, WIP value is Rs. 1,655.79 lakhs. The Company has multiple control points which are manual in nature; these controls include detailed recording of movement of WIP items, periodical physical verification and ascertainment of stage of WIP by the management. As part of our audit procedures, we have test verified the inventory of work in progress as at year end and also performed analytical test to validate the closing stock quantities and values of WIP. Our test included (a) verification of the overall input-output reconciliation and inquiring the reasons for difference between standard and actual consumption & yield, (b) verifying the accuracy of the closing stock valuation work sheets and (c) assessing the accuracy and completeness of the information used by management in comparing the cost of WIP inventory with net realizable value. The deviation were not significant and satisfactory explanation was provided to us.

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

The Company's Board of Directors is responsible for the other information. The other information comprises of the Board's Report including Annexures to Board's Report, Management Discussion and Analysis, Business Responsibility Report, Corporate Governance and Shareholder's Information but does not include the standalone financial statements and our auditor's report thereon.

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 Management and Those Charged with Governance for the standalone financial statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Ind AS specified under section 133 of the Act read with the Companies (Indian Accounting Standard) Rules, 2015 as amended from time to time.

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

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 a part of an audit in accordance with SAs, we exercise professional judgement 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 section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- 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 use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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.

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

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

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

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

Report on other legal and regulatory requirements

As required by the Companies (Auditor's Report) Order, 2016 ('the Order') issued by the Central Government of India in terms of Section 143(11) of the Act, we give in "Annexure A", a statement on the matters specified in paragraphs 3 and 4 of the Order.

As required by Section 143 (3) of the Act, we report that:

a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Changes in Equity and the Cash Flow Statement 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 Indian Accounting Standards specified under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014.

e) On the basis of the written representations received from the directors as on 31st March 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2019 from being appointed as a director in terms of Section 164 (2) of the Act.

f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B.

g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid / provided by the Company to its directors for the year ended 31st March 2019 is in accordance with the provisions of section 197 read with Schedule V of the Act; and

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 from time to time, in our opinion and to the best of our information and according to the explanations given to us:

   i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements – Refer note 36(A)(b), 36(A)(c) and 36(B)to the standalone financial statements

   ii. The Company did not have any long term contract including derivative contract for which there are any material foreseeable losses.

   iii. According to the information and explanations given to us and on the basis of our examination of records of the Company, there was a delay of 39 days in transferring unpaid dividend amount to the Investor Education and Protection Fund by the Company.

For N. A. Shah Associates LLP
Chartered Accountants
Firm Registration No.: 116560W/W100149

Milan Mody
Partner
Membership No.: 103286

Place: Mumbai
Date: 15th May, 2019

Annexure A to Independent Auditors' Report for the year ended 31st March 2019

[Referred to in 'Other legal and regulatory requirements 'of our report of even date]

i. a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

b) The Company has physically verified the fixed assets during the year as per the programme of physical verification in a phased manner over a period of three years. In our opinion, frequency of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company which have been verified from photocopies of the agreements since the original documents are deposited with banks against credit facilities granted by them.

ii. The inventory (other than lying with third parties) has been physically verified by the management during the year. In respect of inventory lying with third parties, confirmations have been obtained by the Company. In our opinion, the frequency of verification is reasonable. As per the information and explanation given to us, discrepancies noticed on physical verification were not material.

iii. The Company had granted loan to one company [wholly owned subsidiary (WOS)] covered in the register maintained under Section 189 of the Companies Act, 2013 in earlier years. The Company has not granted loan to any other companies, firms, limited liability partnerships or other parties as listed in the said register during the current year.

(a)In our opinion, the rate of interest and other terms and conditions on which the loan had been granted to the party listed in the register maintained under Section 189 of the Act are not, prima facie, prejudicial to the interest of the Company.

(b)In respect of loan granted, repayment of principal is regular during the year and payment of interest is regular as stipulated.

(c)There are no overdue amounts in respect of the loan granted to party listed in the register maintained under section 189 of the Act.

iv. According to the information and explanation given to us, in respect of corporate guarantee, loan given and investment made in wholly owned subsidiary, the Company has complied with the provisions of Section 185 and Section 186 of the Act. There are no other transactions for which section 185 or section 186 needs to be complied with.

v. In our opinion and according to the information and explanation given to us, the Company has not accepted any deposits. Therefore, question of reporting compliance with directive issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Act and rules framed thereunder does not arise. We have been informed that no order relating to Company has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.

vi. As per information and explanation given to us, maintenance of cost records in respect of closed dies forging and processing is prescribed for the Company pursuant to the Rules made by the Central Government under section 148(1) of the Act. We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under section 148 of the Act, and are of the opinion that *primafacie*, the prescribed accounts and records have been made and maintained.

vii. (a)According to the information and explanations given to us and on the basis of our examination of records of the Company, in respect of amounts deducted / accrued in the books of account, the Company has been generally regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, duty of customs, duty of excise, goods and service tax, cess and any other material statutory dues, as applicable to the Company, during the period with the appropriate authorities. There are no arrears of outstanding statutory dues as at 31st

March 2019 for a period of more than six months from the date they became payable.

(b) According to the records of the Company and information and explanations given to us, there are no dues of income tax, sales tax, service tax, duty of customs, duty of excise, goods and service tax, which have not been deposited with appropriate authorities on account of any dispute except demands raised for income tax aggregating to Rs. 11,850,860 for financial years 2008-09, 2011-12, 2012-13 and 2013-14 under Income Tax Act, 1961. In respect of these demands, the Company has filed rectification application seeking to give credit of taxes paid and after rectification, no demand will be payable.

viii. Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to the bank. The Company has not borrowed any money from financial institution, government and has not issued any debentures.

ix. The Company has not raised money by way of initial public offer or further public offer [including debt instruments]. As per information and explanations given and based on our verification, term loans raised by the Company are applied for the purpose for which those are raised.

x. During the course of our examination of the books of account and records of the Company, carried out in accordance with generally accepted auditing practices in India and according to the information and explanations given to us, we have neither noticed nor have been informed by the management, any incidence of fraud by the Company or on the Company by its officers or employees.

xi. In our opinion and according to the information and explanation given to us, managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provision of section 197 read with Schedule V of the Act.

xii. In our opinion and according to the information and explanation given to us, the Company is not a Nidhi company. Therefore, clause (xii) of paragraph 3 the Order is not applicable.

xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the standalone financial statements as required by the applicable Indian accounting standards.

xiv. The Company has not made any preferential allotment or private placement or fully or partly convertible debentures during the year. Therefore, question of our comment on compliance with provisions of Section 42 of Act does not arise.

xv. In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transaction with directors or person connected with him. Therefore, clause (xv) of paragraph 3 the Order is not applicable.

xvi. In our opinion and according to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act 1934.

For N. A. Shah Associates LLP
Chartered Accountants
Firm Registration No.: 116560W/W100149

Milan Mody
Partner
Membership No.: 103286

Place: Mumbai
Date:15th May, 2019

Annexure B to Independent Auditors' Report of even date on the standalone financial statements of Pradeep Metals Limited

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

Opinion

We have audited the internal financial controls over financial reporting of **Pradeep Metals Limited** ("the Company") as of 31st March 2019 in conjunction with our audit of the standalone financial statement of the Company for the year ended on that date.

In respect of inventory (recording of WIP and allocation of overheads) internal financial controls needs to be further strengthened to commensurate with the size of the Company and nature of its business. This matter was reported in earlier year also.

In our opinion, read with our comment with respect to inventory above, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2019, 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 ('ICAI').

Responsibilities of Management and Those Charged with Governance for Internal Financial Controls over Financial Reporting

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

Auditors' Responsibility

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

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

Meaning of Internal Financial Controls over Financial Reporting

The Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone financial statement for external purposes in accordance with generally accepted accounting principles. The Company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of standalone financial statement in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the standalone financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

For N. A. Shah Associates LLP
Chartered Accountants
Firm Registration No.: 116560W/W100149

Milan Mody
Partner
Membership No.: 103286

Place: Mumbai
Date: 15th May, 2019

Standalone Balance Sheet as at 31st March 2019

(Rupees in lakhs)

Particulars	Note No.	As at 31st March 2019	As at 31st March 2018
ASSETS			
I. Non-current assets			
Property, plant and equipment	4	4,691.87	4,724.71
Capital work-in-progress	4.6	658.69	25.63
Intangible assets	4	58.15	66.93
Intangible assets under development	4.7	431.74	286.21
Investment in subsidiary (at cost)	5	879.10	879.10
Financial assets			
(i) Investments-Others	6	0.05	0.05
(ii) Loans	7	172.89	230.83
(iii) Other non-current financial assets	8	54.94	51.31
Income tax assets (net)		178.36	175.37
Other non-current assets	9	385.03	401.25
		7,510.82	**6,841.39**
II. Current assets			
Inventories	10	3,178.44	2,764.78
Financial assets			
(i) Trade receivables	11	5,908.08	4,821.49
(ii) Cash and cash equivalents	12	43.59	120.00
(iii) Bank balances other than (ii) above	12	32.25	38.00
(iv) Loans	13	8.28	-
(v) Other current financial assets	14	630.60	641.85
Other current assets	15	266.76	295.98
		10,068.00	**8,682.10**
TOTAL ASSETS		**17,578.82**	**15,523.49**
EQUITY AND LIABILITIES			
III. Equity			
Equity share capital	16	1,727.00	1,727.00
Other equity		4,671.03	3,504.60
TOTAL EQUITY		**6,398.03**	**5,231.60**
LIABILITIES			
IV. Non-current liabilities			
Financial liabilities			
Borrowings	18	1,507.98	1,854.76
Provisions	19	74.36	38.98
Deferred tax liabilities (net)	20.5	460.87	472.60
		2,043.21	**2,366.34**
V. Government grant pending apportionment to profit & loss		**214.00**	**214.00**
VI. Current liabilities			
Financial liabilities			
(i) Borrowings	21	5,523.99	4,823.17
(ii) Trade payable	22		
- Due to micro and small enterprises		35.72	0.50
- Due other than to micro and small enterprises		1,604.49	1,398.19
(iii) Other current financial liabilities	23	1,455.75	1,247.55
Other current liabilities	24	42.12	41.63
Provisions	25	201.96	170.44
Current tax liabilities (net)		59.55	30.07
		8,923.58	**7,711.55**
TOTAL LIABILITIES		**11,180.79**	**10,291.89**
TOTAL EQUITY & LIABILITIES		**17,578.82**	**15,523.49**
Significant accounting policies & other notes	1 to 56		

Notes referred to herein above form an integral part of standalone financial statements.
As per our report of even date

For N. A. Shah Associates LLP
Chartered Accountants
Firm Registration No.116560W/W100149

For and on behalf of the Board of Directors of Pradeep Metals Limited

Milan Mody
Partner
Membership No. 103286

Pradeep Goyal
Chairman and Managing Director
DIN: 00008370

Neeru P. Goyal
Director
DIN: 05017190

Place: Mumbai
Date: 15th May, 2019

Nivedita Nayak
Company Secretary(Membership No. F8479)

Kavita Choubisa Ojha
Chief Financial Officer

Standalone Statement of Profit and Loss for the year ended 31st March 2019

(Rupees in lakhs)

Particulars	Note No.	Year Ended 31st March 2019	Year Ended 31st March 2018
INCOME			
Revenue from operations	26	17,480.45	14,281.33
Other income	27	130.27	269.77
Total Income		**17,610.72**	**14,551.10**
EXPENSES			
Cost of material consumed	28	8,232.86	6,533.84
Changes in inventories of work-in-progress, finished goods and scrap	29	(160.89)	(149.15)
Excise duty (upto 30th June 2017)		-	91.26
Manufacturing expenses	30	3,526.72	2,916.84
Employee benefit expenses	31	1,980.04	1,770.24
Finance costs	32	693.86	621.32
Depreciation and amortization expense	4.2	443.81	415.65
Other expenses	33	1,216.06	1,178.44
Total Expenses		**15,932.46**	**13,378.44**
Profit before tax		1,678.26	1,172.66
Tax expense			
- Current tax	20	490.46	423.35
- Deferred tax charge / (credit)		1.65	(79.49)
- Income tax, deferred tax and MAT credit of earlier years (net)		(7.73)	9.46
		484.38	**353.32**
Profit for the year (A)		**1,193.88**	**819.34**
Other Comprehensive Income			
(i) Items that will not be reclassified to profit or loss			
- Remeasurement gain/(losses) on defined benefit plans		(38.58)	(11.73)
(ii) Income tax relating to items that will not be reclassified to profit or loss		11.13	3.76
Total (1)		**(27.45)**	**(7.97)**
(i) Items that will be reclassified to profit or loss		-	-
(ii) Income tax relating to items that will be reclassified to profit or loss		-	-
Total (2)		-	-
Other Comprehensive Income (1+2) (B)		**(27.45)**	**(7.97)**
Total Comprehensive Income (A+B)		**1,166.43**	**811.37**
Earnings per equity share			
(a) Basic (Face value of Rs. 10 each)	35	6.91	4.74
(b) Diluted (Face value of Rs. 10 each)		6.91	4.74
Significant accounting policies & other notes	1 to 56		

Notes referred to herein above form an integral part of standalone financial statements.
As per our report of even date

For N. A. Shah Associates LLP
Chartered Accountants
Firm Registration No.116560W/W100149

Milan Mody
Partner
Membership No. 103286

Place: Mumbai
Date: 15th May, 2019

For and on behalf of the Board of Directors of Pradeep Metals Limited

Pradeep Goyal
Chairman and Managing Director
DIN: 00008370

Neeru P. Goyal
Director
DIN: 05017190

Nivedita Nayak
Company Secretary(Membership No. F8479)

Kavita Choubisa Ojha
Chief Financial Officer

Standalone Cash Flow Statement for the year ended 31st March 2019

(Rupees in lakhs)

Particulars	Note	2018 - 2019 Rupees	2018 - 2019 Rupees	2017 - 2018 Rupees	2017 - 2018 Rupees
A. CASH FLOW FROM OPERATING ACTIVITIES					
Net profit/(loss) before taxation			1,678.26		1,172.66
Adjustments for:					
Depreciation and amortization (net)		443.81		415.65	
Allowance for doubtful debts/ other current assets utilised (net)		(0.50)		(2.60)	
Allowance for doubtful advance		1.36		-	
Allowance for contingency written back		(1.74)		(0.03)	
Unrealised foreign exchange (gain)/loss (net)		(51.12)		(71.73)	
(Profit)/loss on sale of fixed asset (net)		(3.67)		13.55	
Interest expenses		693.86		621.32	
Interest income		(30.37)		(29.99)	
			1,051.63		946.17
Operating profit before changes in assets and liabilities			**2,729.89**		**2,118.83**
Movements in working capital : [Current and Non-current]					
(Increase) / decrease in other assets and other financial assets		33.37		65.95	
(Increase) / decrease in inventories		(413.66)		(294.10)	
(Increase) / decrease in trade receivable		(1,081.18)		(253.40)	
Increase / (decrease) in trade payable, other liabilities, provisions and other financial liabilities		343.45		631.75	
			(1,118.02)		150.20
			1,611.87		**2,269.03**
Adjustment for:					
Direct taxes paid [including tax deducted at source](net of refund)			(461.40)		(306.67)
Net cash generated/ (used in) from operating activities...(A)			**1,150.47**		**1,962.36**
B. CASH FLOW FROM INVESTING ACTIVITIES					
Purchase of fixed assets (tangible / intangible) (Including capital advances and work in progress)		(1,149.42)		(521.10)	
Sale of fixed asset		8.96		0.05	
(Increase)/decrease in other bank balances and non-current assets [Other than cash and cash equivalent]		5.76		(0.39)	
Loan to wholly owned subsidiary (given) / received		65.18		(228.11)	
Interest received		30.37		29.99	
		(1,039.13)		**(719.56)**	
Adjustment for:					
Less: Direct taxes paid [including tax deducted at source]		(0.36)		(0.07)	
Net cash generated / (used in) from investing activities...(B)			**(1,039.49)**		**(719.63)**
C. CASH FLOW FROM FINANCING ACTIVITIES					
Proceeds from long term borrowing		523.67		1,085.85	
Repayment of long term borrowing		(722.95)		(607.50)	
Increase/(decrease) in working capital loan (Net)		699.12		(1,169.65)	
Calls in arrears received		-		0.74	
Interest paid on loans		(687.23)		(621.65)	
Net cash generated / (used) from financing activities...(C)			**(187.39)**		**(1,312.21)**
Net increase / (decrease) in cash and cash equivalents...(A + B + C)			**(76.41)**		**(69.48)**
Cash and cash equivalents at the beginning of the year	12 & 53	120.00		189.48	
Cash and cash equivalents at the end of the year		43.59		120.00	
Net increase / (decrease) in cash and cash equivalents			**(76.41)**		**(69.48)**
Significant accounting policies & other notes	1 to 56				

Notes referred to herein above form an integral part of standalone financial statements.
As per our report of even date

For N. A. Shah Associates LLP
Chartered Accountants
Firm Registration No.116560W/W100149

For and on behalf of the Board of Directors of Pradeep Metals Limited

Milan Mody
Partner
Membership No. 103286

Pradeep Goyal
Chairman and Managing Director
DIN: 00008370

Neeru P. Goyal
Director
DIN: 05017190

Place: Mumbai
Date: 15th May, 2019

Nivedita Nayak
Company Secretary(Membership No. F8479)

Kavita Choubisa Ojha
Chief Financial Officer

Statement of changes in equity for the year ended 31st March 2019

(Rupees in lakhs)

Particulars	Equity share capital	Reserves and Surplus (A)			Other Comprehensive Income (B)	Total Other Equity (A+B)
		Security Premium (refer note 17)	General reserves	Retained earnings		
for the year ended 31st March 2018						
Balance at 1st April 2017	1,726.26	515.98	211.60	1,989.96	(24.31)	**2,693.23**
Calls in arrears received	0.74	-	-	-	-	**-**
Profit for the year	-	-	-	819.34	-	**819.34**
Remeasurements gains/(loss) on defined benefit plan	-	-	-	-	(7.97)	**(7.97)**
Balance as at 31st March 2018	**1,727.00**	**515.98**	**211.60**	**2,809.30**	**(32.28)**	**3,504.60**
for the year ended 31st March 2019						
Balance at 1st April 2018	1,727.00	515.98	211.60	2,809.30	(32.28)	**3,504.60**
Profit for the year	-	-	-	1,193.88	-	**1,193.88**
Remeasurements gains/(loss) on defined benefit plan	-	-	-	-	(27.45)	**(27.45)**
Balance as at 31st March 2019	**1,727.00**	**515.98**	**211.60**	**4,003.18**	**(59.73)**	**4,671.03**
Significant accounting policies & other notes	1 to 56					

Notes referred to herein above form an integral part of standalone financial statements.
As per our report of even date

For N. A. Shah Associates LLP
Chartered Accountants
Firm Registration No.116560W/W100149

Milan Mody
Partner
Membership No. 103286

Place: Mumbai
Date: 15th May, 2019

For and on behalf of the Board of Directors of
Pradeep Metals Limited

Pradeep Goyal
Chairman and Managing Director
DIN: 00008370

Neeru P. Goyal
Director
DIN: 05017190

Nivedita Nayak
Company Secretary(Membership No. F8479)

Kavita Choubisa Ojha
Chief Financial Officer

Notes on standalone Ind AS financial statements for the year ended 31st March 2019

1. Background

Pradeep Metals Limited ("the Company") is a public Company domiciled in India and incorporated under the provisions of Companies Act, 1956. The Company's shares are listed on Bombay Stock Exchange in India. The Company is engaged in the manufacturing and selling of forged and machined components for various sectors. The Company caters to both domestic and international markets. The registered office and manufacturing facility of the Company is located at Navi Mumbai. The Company's CIN is L99999MH1982PLC026191.

The financial statements were authorized for issue in accordance with a resolution of the Directors on 15th May, 2019.

2. Basis of preparation

2.1. Statement of compliance with Ind AS

The financial statements (on standalone basis) of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 ('the Act') read with the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules issued thereafter.

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

2.2. Functional and presentation currency

The financial statements are prepared in Indian Rupees which is also the Company's functional currency. All amounts are rounded to the nearest rupees in lakhs.

2.3. Fair value measurement

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. A fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal market or the most advantageous market must be accessible to the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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

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

Level 1 – Unadjusted quoted price in active markets for identical assets and liabilities.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for theasset or liability, either directly or indirectly

Level 3 – unobservable inputs for the asset or liability

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of fair value hierarchy.

Fair values have been determined for measurement and / or disclosure purpose using methods as prescribed in “Ind AS 113 Fair Value Measurement”.

2.4. Use of significant accounting estimates, judgements and assumptions

The preparation of these financial statements in conformity with the recognition and measurement principles of Ind AS requires management to make estimates and assumptions that affect the reported balances of assets and liabilities, disclosure of contingent liabilities as on the date of financial statements and reported amounts of income and expenses for the periods presented. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and future periods are affected.

Key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. Significant estimates and critical judgement in applying these accounting policies are described below:

i) Property, plant & equipment and Intangible assets

The Company has estimated the useful life, residual value and method of depreciation/ amortisation of property, plant & equipment and intangible assets based on its internal technical assessment. Property, plant & equipment and intangible assets represent a significant proportion of the asset base of the Company. Further, the Company has estimated that scrap value of property, plant & equipment would be able to cover the residual value & decommissioning costs of property, plant & equipment.

Therefore, the estimates and assumptions made to determine useful life, residual value, method of depreciation / amortisation and decommissioning costs are critical to the Company’s financial position and performance.

ii) Impairment of non-financial assets

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

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations involves use of significant estimates and assumptions which includes turnover and earnings multiples, growth rates and net margins used to calculate projected future cash flows, risk-adjusted discount rate, future economic and market conditions.

iii) Impairment of financial assets

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

iv) Contingencies

Management judgement is required for estimating the possible outflow of resources, if any, in respect of contingencies / claim / litigations against the Company as it is not possible to predict the outcome of pending matters with accuracy.

v) Income taxes

Provision for tax liabilities require judgements on the interpretation of tax legislation, developments in case law and the potential outcomes of tax audits and appeals which may be subject to significant uncertainty. Therefore the actual results may vary from expectations resulting in adjustments to provisions, the valuation of deferred tax assets, cash tax settlements and therefore the tax charge in the statement of profit and loss.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which such deferred tax assets can be utilized. Currently, the Company has recognised the deferred tax on unused tax losses / unused tax credits only to the extent of the corresponding deferred tax liability. Any increase in probability of future taxable profit will result into recognition of unrecognised deferred tax assets.

vi) Measurement of defined benefit plan & other long term benefits

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

vii) Impairment of investment in subsidiaries

In the opinion of the management, investmentsin subsidiaries are considered long term and strategic in nature and in view of future business growth / asset base, the value of long term investments are considered good.Considering adverse factors which could severely affect the financial position, expansion plans and on consideration of prudence, provision has is not made for impairment of such investment.

3. Significant Accounting Policies

3.1. Presentation and disclosure of standalone financial statement

All assets and liabilities have been classified as current and non-current as per Company's normal operating cycle and other criteria set out in the division II of Schedule III of the Companies Act, 2013 for a company whose financial statements are made in compliance with the Companies (India Accounting Standards) Rules, 2015.

Based on the nature of products / services and time between acquisition of assets for processing / rendering of services and their realization in cash and cash equivalents, operating cycle is less than 12 months, however for the purpose of current/ non- current classification of assets and liabilities, period of 12 months have been considered as its normal operating cycle.

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

An asset is treated as current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting period, or
- Cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading

- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

3.2. Property, Plant and Equipment and Depreciation

Recognition and measurement

Properties plant and equipment are stated at their cost of acquisition. Cost of an item of property, plant and equipment includes purchase price including non-refundable taxes and duties, borrowing cost directly attributable to the qualifying asset, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and the present value of the expected cost for the dismantling/decommissioning of the asset.

Parts (major components) of an item of property, plant and equipment having different useful lives are accounted as separate items of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company. All other repair and maintenance costs are recognised in statement of profit and loss as incurred.

Capital work-in-progress comprises of cost incurred on property, plant and equipment under construction/ acquisition that are not yet ready for their intended use at the Balance Sheet date.

Depreciation and useful lives

Depreciation on the property, plant and equipment (other than freehold land and capital work in progress) is provided on a straight-line method (SLM) over their useful lives which is in consonance of useful life mentioned in Schedule II to the Companies Act, 2013, except for the plant and machinery as per the table given below, for which on the basis of internal technical assessment made by the management, the depreciation has been provided considering the useful life of the plant.

The assets which have useful life different than as prescribed under Part C of Schedule II of the Companies Act, 2013 are as follows:

Particulars	Useful life
Machinery for heavy production/press/cranes etc.	15 Years
Dies	10 Years
R&D equipment (Microwave)	2 Years
Other machineries	8 Years
Second hand CNC machines	10 Years
Individual assets whose cost does not exceed five thousand rupees	Nil Depreciated fully in the year of capitalisation

The useful lives of the property, plant and equipment not covered in table above and are in accordance with schedule II are as follows:

Particulars	Useful life
Factory Building on leasehold land (period lower than the lease period)	30 Years
Electrical Installation	10 Years
Office Equipment	5 Years
Computers	3 Years
Furniture & fittings	10 Years
Motor Vehicles	8 Years
Windmill	22 Years

Building on leasehold lands and improvements to building on leasehold land/ premises are amortized over the period of lease or useful life whichever is lower.

Depreciation methods, useful lives and residual values are reviewed at each financial year end and adjusted prospectively.

De-recognition

An item of property, plant and equipment and any significant part initially recognised is de-recognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is de-recognised.

3.3. Intangible assets and amortisation

Recognition and measurement

Intangible assets are recognized only if it is probable that the future economic benefits attributable to asset will flow to the Company and the cost of asset can be measured reliably. Intangible assets are stated at cost of acquisition / development less accumulated amortization and accumulated impairment loss if any.

Cost of an intangible asset includes purchase price including non - refundable taxes and duties, borrowing cost directly attributable to the qualifying asset and any directly attributable expenditure on making the asset ready for its intended use.

Intangible assets under development comprises of cost incurred on intangible assets under development that are not yet ready for their intended use as at the Balance Sheet date.

Amortization and useful lives

Intangible Asset	Estimated useful life
(a) ERP Software	10 Years
(b) Other Software	3 Years

In case of assets purchased during the year, amortization on such assets is calculated on pro-rata basis from the date of such addition

3.4. Research and development costs

Research costs are expensed as incurred. Development expenditures are recognised as an intangible asset when the Company can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability and intention to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset.
- The ability to measure reliably the expenditure during development

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation expense is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

3.5. Inventories

Raw materials and components, packing materials, consumables, stores and spares are valued at lower of cost and net realizable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost.The Cost comprises of costs of purchase, duties and taxes (other than those subsequently recoverable) and other costs incurred in bringing them to their present location and condition. Cost for raw material is determined on specific identification basis and other materials & consumables on weighted average method.

Work-in-progress & finished goods is valued at lower of cost and net realizable value. Cost includes direct materials valued on weighted average basis and costs of conversion which include costs directly related to the units of production and systematic allocation of fixed and variable production overheads. Net realizable value is the estimated selling price in the ordinary course of business less estimated costs of completion and estimated costs necessary to make the sale. The cost of finished goods also includes excise duty wherever applicable.

Dies are valued at cost or net realizable value whichever is less. Cost includes material cost and labour cost. Costs are determined on specific identification basis.

Scrap is valued at net realizable value.

3.6. Revenue recognition

Effective 1st April, 2018, the Company has adopted Ind AS 115, 'Revenue from Contracts with Customers'. Adoption of this standard does not have any impact on any sale recognition prior to effective date of this standard. Accordingly, the policy for Revenue as presented in the Company's financial statements are as under:

- Revenue from operation
  - ❖ The Company recognises revenue when the amount can be reliably measured, to the extent it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Company's activities as described below. Amounts disclosed as revenue are exclusive of excise duty (wherever applicable) and net of VAT, Service Tax (wherever applicable) and Goods and Service Tax (GST), discounts and other rebates etc.
  - ❖ Sale of goods is recognised upon transfer of control of promised products to customers in an amount that reflects the consideration we expect to receive in exchange for those products are recorded at the fair value of the consideration received or receivable, net of returns and allowances, trade, volume & other discounts.

    Accumulated experience is used to estimate and provide for turnover discounts, expected cash discounts, other eligible discounts, expected returns and incentives. No element of financing is deemed present as the sales are made with normal credit terms.
  - ❖ Revenue from export sales are recognised upon transfer of control of promised products to customers usually on the basis of dates of shipping bills or bill of lading depending on the shipment terms.
  - ❖ Sale of services is recognised upon rendering of services and revenue from fixed price, fixed time frame contracts, where the performance obligations are satisfied over time and where there is no uncertainty as to measurement or collectability of consideration, is recognised over the period of contract on pro-rata basis.
  - ❖ Revenue from sales of electricity is recognised when all the significant risks and rewards of ownership have been passed to the buyer, usually on transmission of electricity based on the data provided by the electricity department.
  - ❖ Export incentives / benefits are recognised as income in Statement of Profit and Loss on export of goods based on fulfilling specified criteria's and also reasonable certainty of utilizing the benefit by import of goods/sale of license in open market.
  - ❖ Revenues from die design and preparation charges are recognised as per the terms of the contract as and when services are rendered.
- Other income
  - ❖ Income from guarantee commission is recognised as a percentage of guarantee given on annual basis.
  - ❖ Dividend income is recognised when the Company's right to receive the payment is established, which is generally when shareholders / board of directors approve the dividend as applicable.

- ❖ Interest income is recognised on time proportion basis taking into account the amount outstanding and rate applicable.

3.7. Investment in subsidiaries

The Company's investment in instruments of subsidiaries are accounted for at costless accumulated impairment.

3.8. Government grants

Government grants are recognized in the period to which they relate when there is reasonable assurance that the grant will be received and that the Company will comply with the attached conditions. When the grant or subsidy relates to revenue, it is recognized as income on a systematic basis in the statement of profit and loss over the periods necessary to match them with the related costs, which they are intended to compensate. Where the grant relates to an asset, it is recognized as deferred income and is allocated to statement of profit and loss over the periods and in the proportions in which depreciation on those assets is charged.

3.9. Foreign currency transaction

Transactions denominated in foreign currencies are recorded at the exchange rates prevailing on the date of the transaction. As at the Balance Sheet date, foreign currency monetary items are translated at closing exchange rate. Exchange difference arising on settlement or translation of foreign currency monetary items arerecognized as income or expense in the year in which they arise.

Foreign currency non-monetary items which are carried at historical cost are reported using the exchange rate at the date of transactions. Foreign currency non-monetary items which are measured at fair value are reported using the exchange rate at the date when the fair value is determined. Exchange difference arising on fair valuation of non-monetary items is recognised in line with the gain or loss of item that give rise to such exchange difference (i.e. translation differences on items whose gain or loss is recognised in statement of profit and loss or other comprehensive income is also recognised in statement of profit or loss or other comprehensive income respectively).

Effective 1st April 2018, the Company has adopted Appendix B to Ind AS 21, Foreign Currency Transactions and Advance Consideration which clarifies that the date of transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income when an entity has received or paid advance consideration in foreign currency. The effect on account of adoption of this amendment was insignificant.

3.10. Employee benefits

- Short term employee benefits

  All employee benefits falling due wholly within twelve months of rendering the service are classified as short term employee benefits and they are recognised as an expense at the undiscounted amount in the Statement of Profit and Loss in the period in which the employee renders the related service.

- Post-employment benefits & other long term benefits

  a. Defined contribution plan

  The defined contribution plan is a post-employment benefit plan under which the Company contributes fixed contribution to a Government Administered Fund and will have no obligation to pay further contribution. The Company's defined contribution plan comprises of Provident Fund, Labour Welfare Fund and Employee State Insurance Scheme. The Company's contribution to defined contribution plans are recognized in the Statement of Profit and Loss in the period in which the employee renders the related service.

  b. Post-employment benefit and other long term benefits

  The Company has defined benefit plans comprising of gratuity and other long term benefits in the form of leave benefits and long service rewards. Company's obligation towards gratuity liability is funded plan and is managed by Life Insurance Corporation of India (LIC). The present value of the defined benefit obligations and certain other long term employee benefits [privilege leave and sick leave] is determined based on actuarial valuation using the projected unit credit method. The rate used to discount defined benefit obligation is determined by reference to market yields at the Balance Sheet date on Indian Government Bonds for the estimated term of obligations. Provision for casual leave is made on arithmetic basis.

For gratuity plan, re-measurements comprising of (a) actuarial gains and losses, (b) the effect of the asset ceiling (excluding amounts included in net interest on the net defined benefit liability) and (c) the return on plan assets (excluding amounts included in net interest on the post-employment benefits liability) are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through other comprehensive income in the period in which they occur. Such re-measurements are not reclassified to statement of profit and loss in subsequent periods.

The expected return on plan assets is the Company's expectation of average long-term rate of return on the investment of the fund over the entire life of the related obligation. Plan assets are measured at fair value as at the Balance Sheet date.

The interest cost on defined benefit obligation and expected return on plan assets is recognised under finance cost.

Gains or losses on the curtailment or settlement of defined benefit plan are recognised when the curtailment or settlement occurs.

Actuarial gains or losses arising on account of experience adjustment and the effect of changes in actuarial assumptions for other employee benefit plan [other than gratuity] are recognized immediately in the Statement of Profit and Loss as income or expense.

3.11. Borrowing cost

Borrowing costs (net of interest income on temporary investments) that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of the respective asset till such time the asset is ready for its intended use or sale. A qualifying asset is an asset which necessarily takes a substantial period of time to get ready for its intended use or sale. Ancillary cost of borrowings in respect of loans not disbursed are carried forward and accounted as borrowing cost in the year of disbursement of loan. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest expenses calculated as per effective interest method, exchange difference arising from foreign currency borrowings to the extent they are treated as an adjustment to the borrowing cost and other costs that an entity incurs in connection with the borrowing of funds.

3.12. Leases

The Company determines whether an arrangement contains a lease by assessing whether the fulfillment of a transaction is dependent on the use of a specific asset and whether the transaction conveys the right to use that asset to the Company in return for payment. Where this occurs, the arrangement is deemed to include a lease and is accounted for either as finance or operating lease. Leases are classified as finance leases where the terms of the lease transfers substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Operating lease - Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased assets are classified as operating leases. Operating lease payments are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term except where scheduled increase in rent compensates the Company with expected inflationary costs.

Finance lease - Finance leases are capitalised at the commencement of lease, at the lower of the fair value of the property or the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in the statement of profit and loss over the period of the lease.

3.13. Taxes on income

Tax expenses for the year comprises of current tax, deferred tax charge or credit and adjustments of taxes for earlier years. In respect of amounts adjusted outside profit or loss (i.e. in other comprehensive income or equity), the corresponding tax effect, if any, is also adjusted outside profit or loss.

Provision for current tax is made as per the provisions of Income Tax Act, 1961.

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognised for all taxable temporary differences, and deferred tax assets are recognised for all deductible temporary differences, carry forward tax losses and allowances to the extent that it is probable that future taxable profits will be available against which those deductible temporary differences, carry forward tax losses and allowances can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. 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 taxation authority.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which such deferred tax assets can be utilized. In situations where the Company has unused tax losses and unused tax credits, deferred tax assets are recognised only if it is probable that they can be utilized against future taxable profits. Deferred tax assets are reviewed for the appropriateness of their respective carrying amounts at each Balance Sheet date.

At each reporting date, the Company re-assesses unrecognised deferred tax assets. It recognises previously unrecognised deferred tax assets to the extent that it has become probable that future taxable profit allow deferred tax assets to be recovered.

3.14. Cash and cash equivalent

Cash and cash equivalents include cash in hand, bank balances, deposits with banks (other than on lien) and all short term and highly liquid investments that are readily convertible into known amounts of cash and are subject to an insignificant risk of changes in value.

For the purpose of cash flow statement, cash and cash equivalent as calculated above also includes outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

3.15. Cash flow statement

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

3.16. Provisions, contingent liabilities, contingent assets

A provision is recognised when the Company has a present obligation (legal or constructive) as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. If the effect of time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risk specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not require an outflow of resources. When there is a possible obligation or a present obligation in respect of which likelihood of outflow of resources is remote, no provision or disclosure is made.

The Company does not recognise a contingent asset but discloses its existence in the financial statements if the inflow of economic benefits is probable. However, when the realisation of income is virtually certain, then the related asset is no longer a contingent asset, but it is recognised as an asset.

Provisions, contingent liabilities, contingent assets and commitments are reviewed at each balance sheet date.

3.17. Earnings per share

Basic earnings per share is computed using the net profit for the year attributable to the equity shareholders' and weighted average number of shares outstanding during the year. The weighted average numbers of shares also includes fixed number of equity shares that are issuable on conversion of compulsorily convertible preference shares, debentures or any other instrument, from the date consideration is receivable (generally the date of their issue) of such instruments.

Diluted earnings per share is computed using the net profit for the year attributable to the shareholder' and weighted average number of equity and potential equity shares outstanding during the year including share options, convertible preference shares and debentures, except where the result would be anti-dilutive. Potential equity shares that are converted during the year are included in the calculation of diluted earnings per share, from the beginning of the year or date of issuance of such potential equity shares, to the date of conversion.

3.18. Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

3.18.1.Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

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

All other financial assets are subsequently measured at fair value.

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 period. 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 period, to the gross 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 recognised in profit or loss and is included in the "Other income" line item.

Investments in equity instruments at FVTOCI

On initial recognition, the Company makes an irrevocable election (on an instrument-by-instrument basis) to present the subsequent changes in fair value in other comprehensive income pertaining to investments in equity instruments. This election is not applicable if the equity investment is held for trading. These elected investments are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the 'Reserve for equity instruments through other comprehensive income'. The cumulative gain or loss is not reclassified to profit or loss on disposal of the investments.

A financial asset is held for trading if:

- It has been acquired principally for the purpose of selling 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 or a financial guarantee. Dividends on these investments in equity instruments are recognised in profit or loss when the Company's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend 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. Dividends recognised in profit or loss are included in the 'Other income' line item.

Financial assets at fair value through profit or loss (FVTPL)

Investments in equity instruments are classified as at FVTPL, unless the Company irrevocably elects on initial recognition to present subsequent changes in fair value in other comprehensive income for investments in equity instruments which are not held for trading.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or 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 recognised when the Company's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend 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.

Impairment of financial assets

The Company recognizes loss allowances using the expected credit loss (ECL) model based on 'simplified approach' for the financial assets which are not fair valuedthrough profit or loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, expected credit losses are measured at an amount equal to the twelve month ECL, unlessthere has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized is recognized as an impairment gain or loss in statement of profit and loss.

De-recognition of financial asset

The Company de-recognises 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. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On de-recognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset.

On de-recognition of a financial asset other than in its entirety (e.g. when the Company retains an option to repurchase part of a transferred asset), the Company allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

3.18.2.Financial liability and equity instrument

Classification as debt or equity

Debt and equity instruments issued by the 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.

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 profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

However, financial liabilities that arise when a transfer of a financial asset does not qualify for de-recognition or when the continuing involvement approach applies, financial guarantee contracts issued by the Company, and commitments issued by the Company to provide a loan at below-market interest rate are measured in accordance with the specific accounting policies set out below.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is either contingent consideration recognised by the Company as an acquirer in a business combination to which Ind AS 103 applies or is 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 or contingent consideration recognised by the Company as an acquirer in a business combination to which Ind AS 103 applies, 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 re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'Other income' line item.

However, for non-held-for-trading financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss, in which case these effects of changes in credit risk are recognised in profit or loss. The remaining amount of change in the fair value of liability is always recognised in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are reflected immediately in retained earnings and are not subsequently reclassified to profit or loss.

Gains or losses on financial guarantee contracts and loan commitments issued by the Company that are designated by the Company as at fair value through profit or loss are recognised in profit or loss.

Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' line item. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (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 financial liability or (where appropriate) a shorter period, to the gross carrying amount on initial recognition.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by the Company are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of:

- the amount of loss allowance determined in accordance with impairment requirements of Ind AS 109; and
- the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of Ind AS 18.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

Reclassification

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The management determines change in the business model as a result of external or internal changes which are significant to the Company's operations. A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

De-recognition of financial liabilities

The Company de-recognises 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 de-recognised and the consideration paid and payable is recognised in profit or loss.

3.19. New standards issued / modified effective from 1st April 2019 but not effective as at reporting date

a. Ind AS 116 'Leases'

MCA has issued Ind AS 116 'Leases' which is effective from 1st April 2019. Ind AS 116 will replace the existing leases standard, Ind AS 17 ‘Leases’. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both the lessee and the lessor. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognise right to use asset and a corresponding liability for all leases with a term of more than 12 months, unless the underlying asset is of low value. The standard also contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17.

b. Ind AS 12 ‘Income taxes’ [Uncertainty over Income Tax Treatments]
MCA has issued amendment in Ind AS 12 related to uncertainty over Income Tax Treatments which clarifies the accounting for uncertainties in income taxes. The interpretation is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. It outlines the following:
   i. the entity has to use judgement, to determine whether each tax treatment should be considered separately or whether some can be considered together. The decision should be based on the approach which provides better predictions of the resolution of the uncertainty;
   ii. the entity is to assume that the taxation authority will have full knowledge of all relevant information while examining any amount;

   entity has to consider the probability of the relevant taxation authority accepting the tax treatment and the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates would depend upon the probability.

c. Ind AS 12 ‘Income taxes’
An entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events.

d. Ind AS 109 ‘Financial Instrument’ [Prepayment Features with Negative Compensation]
Amendments made to Ind AS 109, which amend the existing requirements in Ind AS 109 regarding termination rights in order to allow measurement at amortised cost (or, depending on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments.

e. Ind AS 28 ‘Long-term Interests in Associates and Joint Ventures’
The amendments clarify that an entity applies Ind AS 109 Financial Instruments, to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied. The Company does not currently have any long-term interests in associates and joint ventures.

f. Ind AS 19 ‘Employee Benefits’
Amendments to Ind AS 19 to clarify that if a plan amendment, curtailment or settlement occurs, it is mandatory that the current service cost and the net interest for the period after the remeasurement are determined using the assumptions used for the remeasurement. In addition, amendments have been included to clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling.

g. Ind AS 103 ‘Business Combinations’ and Ind AS 111 ‘Joint Arrangements’
The amendments to Ind AS 103 clarify that when an entity obtains control of a business that is a joint operation, it remeasures previously held interests in that business. The amendments to Ind AS 111 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business. The Company will apply the pronouncement if and when it obtains control / joint control of a business that is a joint operation.

h. Ind AS 23 ‘Borrowing Costs’
The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings.

The Company is assessing the potential impact of above amendments [except as mentioned otherwise] on the financial statements. Management presently is of the view that it would not have a material impact on the financial statements.

Notes on standalone financial statements for the year ended 31st March 2019

4 Property, plant & equipment and intangible assets

4.1 Property, plant & equipment and intangible assets as at 31st Mar 2019

(Rupees in lakhs)

Particulars	GROSS BLOCK				DEPRECIATION / AMORTISATION				NET BLOCK
	As At 1st April 2018	Additions	Sales / Discard	As at 31st March 2019	As at 1st April 2018	For the year	On Sales / Discard	As at 31st March 2019	As at 31st March 2019
Property, plant & equipments (Tangible assets)									
Freehold land	56.70	-	-	56.70	-	-	-	-	56.70
Factory buildings (Refer note 4.5)	1,419.66	68.41	-	1,488.07	71.49	52.85	-	124.34	1,363.73
Plant and machinery	1,581.35	215.75	36.75	1,760.35	338.60	195.04	33.13	500.51	1,259.84
Microwave Machinery (R & D)	149.10	-	-	149.10	111.83	37.27	-	149.10	-
Wind mill	1,234.72	11.50	-	1,246.22	110.88	56.31	-	167.19	1,079.03
Electrical installation	68.35	19.68	-	88.03	17.07	6.36	-	23.43	64.60
Office equipment	4.49	2.60	1.66	5.43	1.13	1.15	1.58	0.70	4.73
Computers	16.52	13.24	2.23	27.53	5.68	4.86	2.17	8.37	19.16
Furniture and fixtures	52.51	13.66	-	66.17	8.28	5.73	-	14.01	52.16
Vehicles	91.96	-	-	91.96	23.48	11.66	-	35.14	56.82
Dies	919.13	97.03	1.57	1,014.59	181.34	98.19	0.04	279.49	735.10
Sub-total (A)	**5,594.49**	**441.87**	**42.21**	**5,994.15**	**869.78**	**469.42**	**36.92**	**1,302.28**	**4,691.87**
Intangible assets (Other than internally generated) Software	84.57	2.88	-	87.45	17.64	11.66	-	29.30	58.15
Sub-total (B)	**84.57**	**2.88**	**-**	**87.45**	**17.64**	**11.66**	**-**	**29.30**	**58.15**
Total [(A) + (B)]	**5,679.06**	**444.75**	**42.21**	**6,081.60**	**887.42**	**481.08**	**36.92**	**1,331.58**	**4,750.02**

(Rupees in lakhs)

4.2 **Particulars**	**2018-19**	**2017-18**
Depreciation as per table 4.1 and 4.3	481.08	498.49
Less: Depreciation allocated to intangible assets under development	37.27	82.84
Net depreciation as per statement of profit & loss	**443.81**	**415.65**

4.3 Property, plant & equipment and intangible assets as at 31st Mar 2018

(Rupees in lakhs)

Particulars	GROSS BLOCK				DEPRECIATION / AMORTISATION				NET BLOCK
	As At 1st April 2017	Additions	Sales / Discard	As at 31st March 2018	As at 1st April 2017	For the year	On Sales / Discard	As at 31st March 2018	As at 31st March 2018
Property, plant & equipments (Tangible assets)									
Freehold land	56.70	-	-	56.70	-	-	-	-	56.70
Factory buildings (Refer note 4.5)	750.07	669.59	-	1,419.66	30.19	41.30	-	71.49	1,348.17
Plant and machinery	1,529.71	130.36	78.72	1,581.35	214.59	189.61	65.60	338.60	1,242.75
Microwave Machinery (R & D)	115.94	33.16	-	149.10	28.99	82.84	-	111.83	37.27
Wind mill	1,224.11	10.61	-	1,234.72	55.25	55.63	-	110.88	1,123.84
Electrical installation	64.64	3.71	-	68.35	10.83	6.24	-	17.07	51.28
Office equipment	2.53	2.13	0.17	4.49	0.12	1.01	-	1.13	3.36
Computers	10.68	7.99	2.15	16.52	2.14	5.67	2.13	5.68	10.84
Furniture and fixtures	37.33	15.18	-	52.51	3.37	4.91	-	8.28	44.23
Vehicles	96.85	-	4.89	91.96	16.46	11.66	4.64	23.48	68.48
Dies	906.12	13.01	-	919.13	90.61	90.73	-	181.34	737.79
Sub-total (A)	**4,794.68**	**885.74**	**85.93**	**5,594.49**	**452.55**	**489.60**	**72.37**	**869.78**	**4,724.71**
Intangible assets (Other than internally generated)									
Software	70.42	14.15	-	84.57	8.75	8.89	-	17.64	66.93
Sub-total (B)	**70.42**	**14.15**	**-**	**84.57**	**8.75**	**8.89**	**-**	**17.64**	**66.93**
Total [(A) + (B)]	**4,865.10**	**899.89**	**85.93**	**5,679.06**	**461.30**	**498.49**	**72.37**	**887.42**	**4,791.64**

(Rupees in lakhs)

4.4 Particulars	2017-18
Depreciation as per table 4.3 above	498.49
Less: Depreciation allocated to intangible assets under development	82.84
Net depreciation as per statement of profit & loss	**415.65**

4.5 Factory Building is constructed on Leasehold Land (operating lease).

4.6 Movement of capital work in progress (Rupees in lakhs)

Particulars	2018-19			
	P & M	**Building**	**Others**	**Total**
Opening capital work in progress	6.48	19.15	-	**25.63**
Add: Addition during the year	699.37	142.32	12.28	**853.97**
Less: Assets capitalized/ reversed during the year	169.37	39.74	11.80	**220.91**
Closing capital work in progress	**536.48**	**121.73**	**0.48**	**658.69**

Particulars	2017-18			
	P & M	**Building**	**Others**	**Total**
Opening capital work in progress	-	587.42	-	**587.42**
Add: Addition during the year	116.34	96.72	-	**213.06**
Less: Assets capitalized/ reversed during the year	109.86	664.99	-	**774.85**
Closing capital work in progress	**6.48**	**19.15**	-	**25.63**

4.7 Movement of intangible assets under development (Rupees in lakhs)

Particulars	2018-19	2017-18
Opening intangible under development	286.21	107.15
Add: Additions during the year (Refer note 4.8)	145.53	212.22
Less: Reversed during the year	-	33.16
Less: Intangible capitalized during the year	-	-
Closing capital work in progress	**431.74**	**286.21**

4.8 Details of direct expenses and allocated indirect expenses incurred for intangible assets under development during the financial year 2018-19 (Rupees in lakhs)

Particulars	FY 2018-19	FY 2017-18
Salary & Wages	36.17	50.05
Professional Fees	43.54	29.12
Repairs & Maintenance Expenses	2.26	22.22
Materials, Stores & Spares	12.76	14.72
Other Expenses	13.53	13.27
Depreciation	37.27	82.84
Total	**145.53**	**212.22**

4.9 Details of remaining amortization period and carrying value of intangible assets is as given below:

Description	Carrying amount as at (Rs. in lakhs)		Remaining useful life as at (months)	
	31-Mar-19	**31-Mar-18**	**31-Mar-19**	**31-Mar-18**
Epicore Software	44.12	50.45	76	88
Mastercam Mill 3D Purchase	5.49	8.26	21	33
HR Software3.11	4.62	22	34	
Other Softwares	5.43	3.61	11 to 24	11 to 24

4.10 First pari passu charge has been created on fixed assets of the Company (present and future) in respect of loans taken by the Company (Refer Note 18.1) and on fixed assets of the Company (excluding windmill) in respect of foreign currency loan of USD 2.47 million outstanding as on 31st March 2019 (Outstanding as on 31st March 2018 : USD 2.75 Million) taken by Pradeep Metals Limited, Inc. (Wholly Owned Subsidiary) in USA from Union Bank of India, Hong Kong. Second charge has been created on fixed assets of the company for working capital loan.

Notes on standalone financial statements for the financial year ended 31st March 2019

(Rupees in lakhs)

	As at 31st March 2019	As at 31st March 2018
5 Investment in subsidiary (At cost, unless otherwise specified)		
Unquoted equity instruments (fully paid)		
Investment in wholly owned subsidiary		
Pradeep Metals Ltd Inc. USA, Houston	879.10	879.10
200 (Previous year: 200) Shares of face value USD 25 each		
Total	**879.10**	**879.10**

5.1 Out of above, 60 Shares are pledged with Union Bank of India, Hong Kong and non - disposal undertaking is given to them in respect of balance 140 shares in connection with Foreign Currency Loan of USD 3.20 Million taken by Pradeep Metals Limited, Inc. USA (Outstanding as on 31st March 2019 - USD 2.47 Million) (Outstanding as on 31st March 2018 - USD 2.75 Million).

5.2 In view of settlement of legal dispute in step down subsidiary (SDS) of the Company in previous year, improved operational performance of wholly owned subsidiary (WOS) during the current financial year and management's expectation of further revival in the demand for the products in which WOS and SDS are dealing would enable the WOS and SDS to recoup the accumulated losses. Considering the above and in the opinion of management, no provision for diminution in the value of investment in WOS and loan given is required as at 31st March 2019.

	As at 31st March 2019	As at 31st March 2018
5.3 Other disclosures of investment		
Aggregate cost of unquoted investment	879.10	879.10
Aggregate amount of impairment in the value of impairment	-	-
6 Investments - Others		
Non current Investment		
Unquoted equity instruments (fully paid)		
Equity shares at fair value through profit & loss		
TJSB Sahkari Bank Limited	0.05	0.05
[(100 (Previous year : 100) shares of Rs. 50 each]		
Total	**0.05**	**0.05**
6.1 Other disclosures of investment		
Aggregate cost of unquoted investment	0.05	0.05
Aggregate amount of impairment in the value of impairment	-	-
7 Loans Non-current (Unsecured, considered good unless otherwise stated)		
Loans to related parties [Refer Notes 39, 40 & 41]		
Loan to wholly owned subsidiary	172.89	228.11
Other loans		
Loan to employees	-	2.72
Total	**172.89**	**230.83**

7.1 No loans and advances are due from directors or other officers of the Company either severally or jointly with any other person. Rs. 172.89 lakhs (Previous year : Rs. 228.11 lakhs) is receivable from a wholly owned subsidiary having common director.

	As at 31st March 2019	As at 31st March 2018
	(Rupees in lakhs)	

7.2 Loans are non derivative financial assets which generate fixed interest income for the Company. The carrying value may be affected by changes in the credit risk of the counter party.

8 Other non-current financial assets
(Unsecured, considered good unless otherwise stated)

	As at 31st March 2019	As at 31st March 2018
Security deposits	54.15	51.31
Deposit with bank (under lien) having remaining maturity more than 12 months	0.80	-
Total	**54.94**	**51.31**

8.1 Bank deposits aggregating to Rs. 0.80 lakh (Previous year : Rs. Nil) are under lien with bank towards guarantees issued by bank.

9 Other non-current assets
(Unsecured, considered good unless otherwise stated)

	As at 31st March 2019	As at 31st March 2018
Capital advances		
- Consider good	344.32	357.72
- Considered doubtful	1.36	-
	345.68	**357.72**
Less:- Allowance for bad and doubtful advances	(1.36)	-
	344.32	**357.72**
Prepaid expenses	0.40	2.63
Leasehold land	40.31	40.90
Total	**385.03**	**401.25**

10 Inventories (Also refer note 18.1 & 21.1)
(At lower of cost or net realisable value unless otherwise stated)

	As at 31st March 2019	As at 31st March 2018
Raw material - Steel	1,308.25	1,012.41
Raw materials (Dies)	62.39	103.11
Work-in-progress	1,655.79	1,517.98
Finished goods in transit	21.43	-
Stores, spares and consumables	100.38	102.72
Scrap (At net realisable value)	30.21	28.56
Total	**3,178.44**	**2,764.78**

11 Trade receivables
(Unsecured, considered good unless otherwise stated)

	As at 31st March 2019	As at 31st March 2018
Unsecured		
Considered good	5,908.08	4,821.49
Considered doubtful	0.45	0.94
	5,908.52	**4,822.43**
Less: Allowance for doubtful receivables	0.45	0.94
Total	**5,908.08**	**4,821.49**

	(Rupees in lakhs) As at 31st March 2019	As at 31st March 2018

11.1 No trade receivables are due from directors or other officers of the Company either severally or jointly with any other person. Rs. 2,212.04 lakhs (Previous year : Rs. 1,589.83 lakhs) is receivable from a wholly owned subsidiary having a common director.

11.2 Trade receivable includes Rs. Nil (Previous year : Rs. Nil) receivable from private company having common director.

11.3 For details of outstanding receivables from related parties. (Refer note 39.3)

11.4 Trade receivables are non - interest bearing and are generally on terms of 30 to 270 days.

11.5 Trade receivable includes export bills aggregating to Rs.1,644.74 lakhs (Previous year : Rs.1,529.44 lakhs) purchased / discounted by the bank but pending realisation as on the date of the Balance Sheet & disclosed under working capital (short term borrowing). The Company has transferred the relevant receivables to the discounting bank in exchange for cash. However, the Company has retained the late payment and credit risk.

11.6 Refer note 45 for policy on expected credit loss

12 Cash and cash equivalent and other bank balances

	As at 31st March 2019	As at 31st March 2018
Cash and cash equivalent		
Cash on hand	1.75	1.67
Balances with banks		
- In current accounts	16.84	15.54
- In fixed deposits	25.00	102.79
Total	**43.59**	**120.00**
Other bank balances		
- In fixed deposits [Refer note 12.2] having remaining maturity less than 12 months	12.47	6.61
- Earmarked balances (on unpaid dividend account)	19.78	31.39
Total	**32.25**	**38.00**

12.1 Bank deposits earns interest at fixed rates.

12.2 Bank deposits aggregating to Rs. 12.47 lakhs (Previous year : Rs. 6.61 lakhs) are under lien with banks towards guarantees issued by bank.

13 Loans (Unsecured, considered good unless otherwise stated)

	As at 31st March 2019	As at 31st March 2018
Other loans		
Loan to employees	8.28	-
Total	**8.28**	**-**

	As at 31st March 2019	As at 31st March 2018
		(Rupees in lakhs)
14 Other current financial assets		
(Unsecured, considered good unless otherwise stated)		
Export incentive receivable (Refer 14.1)	241.07	215.37
Sales tax refund receivable	32.51	118.35
Balance with government authorities	302.99	180.24
Amount recoverable from customers (Dies)	34.02	112.15
Recoverable from wholly owned subsidiary	17.29	10.17
Other receivables	2.48	5.56
Interest Accrued on fixed deposits	0.23	-
Total	**630.60**	**641.85**

14.1 Export incentive receivable and amounts recoverable from customer (Dies) of Rs. 215.37 lakhs and Rs. 112.15 lakhs respectively pertaining to financial year 2017-18 has been reclassified to Other current financial assets from Other current assets.

14.2 Break up of financial assets carried at amortised cost

Loans [Refer note 7 & 13]	181.17	230.83
Other financial assets [Refer note 8 & 14]	685.54	693.17
Trade receivables [Refer note 11]	5,908.08	4,821.49
Cash & cash equivalents [Refer note 12]	43.59	120.00
Other bank balance [Refer note 12]	32.25	38.00
Total	**6,850.63**	**5,903.49**

14.3 Break up of financial assets carried at fair value through P&L

Investments (Refer note 6)	0.05	0.05
Total	**0.05**	**0.05**

15 Other current assets

(Unsecured, considered good unless otherwise stated)		
Advance to suppliers (other than capital advance)	12.78	18.93
Prepaid expenses	84.84	83.65
Input tax credit receivable [Refer note 15.1]	168.54	193.40
Current portion of leasehold land	0.60	-
Total	**266.76**	**295.98**

15.1 Input tax credit receivable of Rs. 193.40 lakhs pertaining to financial year 2017-18 has been reclassified to Other current assets from Other current financial assets.

16 Share capital

16.1 Authorised capital

Equity share capital		
18,500,000 (Previous year : 18,500,000) Equity Shares of Rs. 10 each	1,850.00	1,850.00
Preference share capital		
550,000 (Previous year : 550,000) Preference Shares of Rs.100 each	550.00	550.00
Total	**2,400.00**	**2,400.00**

(Rupees in lakhs)

	As at 31st March 2019	As at 31st March 2018
16.2 Issued, subscribed and paid-up capital		
Issued		
17,270,000 (Previous year : 17,270,000) Equity Shares of Rs.10 each	1,727.00	1,727.00
Issued, subscribed and paid-up		
17,270,000 (Previous year : 17,270,000) Equity Shares of Rs.10 each	1,727.00	1,727.00
Total	**1,727.00**	**1,727.00**

16.3 The Company has only one class of issued shares having a par value of Rs. 10/- per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian rupees. The dividend proposed, if any, by the Board of Directors shall be subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holder of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

16.4 Reconciliation of number of equity shares outstanding at the beginning and at the end of the reporting year

Shares outstanding at beginning of the year	17,270,000	17,270,000
Shares issued during the year	-	-
Shares bought back during the year	-	-
Shares outstanding at the end of the year	**17,270,000**	**17,270,000**

16.5 Equity Shares held by each shareholder holding more than 5% shares

Name of shareholder	As at 31st March 2019		As at 31st March 2018	
	Number of Shares	% of holding	Number of Shares	% of holding
Mr. Pradeep Goyal	1,576,400	9.13	1,576,400	9.13
Mrs. Neeru P. Goyal	919,927	5.33	919,927	5.33
Nami Capital Private Limited [formerly known as Rabale Engineering (I) Private Limited]*	9,972,542	57.74	6,167,481	35.71
S. V. Shah Construction Services Private Limited*	-	-	3,805,061	22.03

* S. V Shah Constructions Services Private Limited is amalgamated with Rabale Engineering Private Limited and Rabale Engineering Private Limited changed its name to Nami Capital Private Limited post amalgamation. Process for updation of same is going on with NSDL / Link Intime India Private Limited.

16.6 Shares held by ulitmate holding company

Name of shareholder	As at 31st March 2019		As at 31st March 2018	
	Number of Shares	% of holding	Number of Shares	% of holding
Nami Capital Private Limited	9,972,542	57.74	-	-

17 Securities premium

Securities premium is used to record the premium on issue of equity shares. The same shall be utilised in accordance with the provisions of the Companies Act, 2013.

(Rupees in lakhs)

18 Borrowings (Long term)	As at 31st March 2019	As at 31st March 2018
Secured		
Term loans		
From banks		
- Foreign currency loan [Refer note 18.1 (i) and 18.2]	1,010.12	1,693.33
- Rupee loan[Refer note 18.1 (i) and 18.2]	486.71	135.35
- Vehicle loan [Refer note 18.1 (ii) and 18.2]	11.15	26.08
Total	**1,507.98**	**1,854.76**

18.1 Details of security provided

(i) Term loans (Foreign currency loans & Rupee loans) are secured by first charge on pari passu basis on fixed assets of the Company (present and future) and by second charge on current assets. The loans are further secured by personal guarantee of Chairman and Managing Director of the Company.

(ii) Vehicle loan is secured against hypothecation of the vehicle against which the loan has been taken. The loan is further secured by personal guarantee of Chairman and Managing Director and one Director of the Company.

18.2 Terms of repayment and maturity profile of the term loan is as set out below:

Borrowings	As at 31st March 2019	As at 31st March 2018
Term loan X Repayable in 16 quarterly installments of Rs. 29.00 lakhs each starting from September 2017.	35.35	35.35
Working Capital Term Loan (INR) Repayable in 17 quarterly instalments of Rs. 30.00 lakhs each starting from September 2017.	100.00	100.00
Term loan XII Repayable in 20 quarterly instalments of Rs. 18.00 lakhs each starting from June 2018.	231.96	63.67
Foreign currency term loan VIII Repayable in 16 quarterly instalments of Rs. 30.00 lakhs each starting from June 2016.	118.84	240.83
Foreign currency term loan IX Repayable in 21 quarterly instalments of Rs. 50.00 lakhs each starting from January 2017.	533.01	764.81
Foreign currency term loan X Repayable in 16 quarterly instalments of Rs. 29.00 lakhs each starting from September 2017	187.86	303.37
Foreign currency term loan XI Repayable in 20 quarterly instalments (First ten instalments of Rs. 20.00 lakhs each and next ten instalments of Rs. 50.00 lakhs each) starting from June 2018.	610.22	705.47
Term loan XIII Repayable in 20 quarterly instalments of Rs. 22.50 lakhs each starting from July 2019.	178.75	-
Term loan XIV Repayable in 20 quarterly instalments of Rs. 16.50 lakhs each starting from Oct 2019.	113.15	-
Foreign currency - Working Capital Term Loan Repayable in 17 quarterly instalments of Rs. 30.00 lakhs each starting from September 2017.	196.19	314.85
Vehicle loan Repayable in 60 equated monthly instalment of Rs. 1.56 lakhs (including interest) each starting from February 2016.	29.86	44.82
Total	**2,335.19**	**2,573.17**

(Rupees in lakhs)

	As at 31st March 2019	As at 31st March 2018
19 Provisions (long term)		
Provision for employee benefits		
- Leave benefits [Refer note 51 (b)]	47.23	22.92
- Gratuity [Refer note 51 (a)]	27.14	16.06
Total	**74.36**	**38.98**

20 Income & deferred taxes

The major components of income tax expense for the years ended 31st March 2019 & 31st March 2018 are as under:

	As at 31st March 2019	As at 31st March 2018
20.1 Statement of profit & loss		
Current income tax		
Current income tax charge	490.46	423.35
Deferred tax		
Relating to origination and reversal of temporary differences of current year	1.65	(79.49)
Income tax, deferred tax and MAT credit of earlier years (net)	(7.73)	9.46
Tax expense reported in the statement of profit & loss	**484.38**	**353.32**
20.2 Other comprehensive income (OCI)		
Deferred tax related to items recognised in OCI		
Re-measurement of defined benefit plans	(11.13)	(3.76)
Deferred tax charge/(credit)	**(11.13)**	**(3.76)**
20.3 Reconciliation of tax expenses and the accounting profit multiplied by applicable tax rate for 31st March 2019 and 31st March 2018		
Accounting profit before tax from operations	1,678.26	1,172.66
Applicable income tax rate	29.12%	34.61%
	488.71	**405.83**
- Donation & other disallowances	3.40	2.71
- Reversal of Deferred tax liability (net of deferred tax asset) on account of enacted rate of 29.12% considered as on 31st March 2018	-	(64.69)
- Income tax, deferred tax and MAT credit of earlier years (net)	(7.73)	9.47
Sub total	**484.38**	**353.32**
Tax expense reported in the statement of profit and loss	**484.38**	**353.32**
20.4 Deferred tax liabilities (net)		
Deferred tax relates to the following:		
Differences in depreciation and amortization for accounting and income tax purposes	527.06	536.57
Provision for doubtful debts / advances	(0.53)	(4.58)
Provision for NMMC cess liability	(18.26)	(18.14)
Provision for employee benefits	(47.40)	(41.25)
Net deferred tax liabilities	**460.87**	**472.60**

	As at 31st March 2019	As at 31st March 2018
	(Rupees in lakhs)	
20.5 Reflected in the balance sheet as follows		
Deferred tax assets	(66.19)	(63.97)
Deferred tax liabilities	527.06	536.57
Deferred tax liabilities (net)	**460.87**	**472.60**
20.6 Deferred tax expenses / (income)		
Deferred tax relates to the following:		
Differences in depreciation and amortization for accounting and income tax purposes	(9.51)	(74.57)
Provision for doubtful debts / advances	4.05	(2.39)
Provision for NMMC cess liability	(0.12)	(6.59)
Provision for employee benefits	(6.15)	33.14
Disallowance under section 43B of Income Tax Act, 1961	-	27.70
Net deferred tax charge/(credit) (including amount pertaining to previous years)	**(11.72)**	**(22.71)**

20.7 The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority and intends either to settle on a net basis.

	As at 31st March 2019	As at 31st March 2018
21 Borrowings (Short term)		
Secured		
From bank		
Working capital loans [Refer note 21.1]		
- Cash credit (Repayable on demand)	1,420.86	872.20
- Packing credit (Repayable within 180 days)	2,458.40	2,421.53
- Bills discounted (Repayable within 30 to 270 days)	1,644.73	1,529.44
Total	**5,523.99**	**4,823.17**

21.1 Details of security provided on working capital loans

Working capital loans are secured by first charge by way of hypothecation of stocks of semi-finished and finished goods, raw materials, consumable stores and spares (also refer note 10), book debts (also refer note 11) including biils discounted / purchased and second charge on its fixed assets of Company. The loans are further secured by personal guarantee of Chairman & Managing Director of the Company. Cash credit is repayable on demand.

	As at 31st March 2019	As at 31st March 2018
22 Trade payables		
Trade payables		
- Dues to micro & small enterprises [Refer note 22.1]	35.73	0.50
- Dues to other than micro & small enterprises (including related parties payables)	1,604.49	1,398.19
Total	**1,640.22**	**1,398.69**

22.1 Under the Micro, Small and Medium Enterprises Development Act, 2006 [MSMED Act], certain disclosures are required to be made relating to Micro and Small Enterprises. The Company has disclosed such information only to the extent received from suppliers about their coverage under the MSMED Act. Auditor's have relied on the same.

	As at 31st March 2019	As at 31st March 2018
		(Rupees in lakhs)
22.2 Details of dues to Micro and Small Enterprises as defined under Micro, Small and Medium Enterprises Development Act, 2006 (MSMED, Act 2006)		
Principal amount due to supplier under MSMED Act, 2006	35.73	0.50
Interest accrued and due to suppliers under MSMED Act, 2006 on the above amount	0.12	-
Payment made to suppliers (other than interest) beyond the appointed day, during the year	53.72	-
Interest paid to supplier under MSMED Act, 2006 (other than section 16)	-	-
Interest paid to suppliers under MSMED Act, 2006 (Section 16)	-	-
Interest due to payable to suppliers under MSMED Act, 2006 for payments already made	0.93	-
Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act, 2006	1.05	-

22.3 Terms & conditions of the above financial liabilities:

Trade payables are non-interest bearing and are generally settled on 15 to 90 days terms. For details of balances outstanding of related parties, refer note 39.3.

23 Other current financial liabilities

	As at 31st March 2019	As at 31st March 2018
Current maturity of long term borrowings		
- Rupee loan	172.50	63.67
- Foreign currency loan	636.00	636.00
- Vehicle loan	18.73	18.73
Interest accrued but not due	5.35	2.00
Trade payable for capital goods	82.43	57.82
Unpaid dividend	19.78	31.39
Accrued expenses	384.86	321.23
Salary and wages payable	103.80	87.68
Other liabilities*	32.29	29.03
Total	**1,455.75**	**1,247.55**

*Other liabilities includes amount deducted from employees and payable to various authorities

23.1 Break up of financial liabilities carried at amortised cost

	As at 31st March 2019	As at 31st March 2018
Borrowings [refer note no.18 & 21]	7,031.97	6,677.92
Other financial liabilities [refer note no.23]	1,455.75	1,247.55
Trade payable [Refer note no.22]	1,640.22	1,398.69
Total	**10,127.94**	**9,324.16**

24 Other current liabilities

	As at 31st March 2019	As at 31st March 2018
Advances from customers	2.74	5.44
Statutory liabilities	39.38	36.19
Total	**42.12**	**41.63**

(Rupees in lakhs)

	As at 31st March 2019	As at 31st March 2018
25 Provision (Short term)		
Provision for employee benefits		
- Leave benefits [Refer note 51 (b)]	115.56	118.73
- Gratuity [Refer note 51 (a)]	83.99	49.71
Provision for contingency [Refer note 25.1]	2.40	2.00
Total	**201.96**	**170.44**

25.1 Movement of provision for contingencies

(Rupees in lakhs)

Particulars		Margin on sales return (a)	NMMC (b)	Total (a+b)
Opening balance as on 1st April 2017		**0.27**	**34.94**	**35.21**
Add: Provision made		1.58	25.50	27.08
Less: Utilised / paid		-	60.29	60.29
Less: Write back		-	-	-
Closing balance as on 31st March 2018		**1.85**	**0.15**	**2.00**
Add: Provision made		2.25	-	2.25
Less: Utilised / paid		1.85	-	1.85
Less: Write back		-	-	-
Closing balance as on 31st March 2019		**2.25**	**0.15**	**2.40**

Note:

Provision for contingency represents provision for (a) margin on subsequent sales return and (b) provision for disputed Navi Mumbai Municipal Cess (‘NMMC’). In respect of (a) the outfllow is expected to be within a period of one year. In respect of (b), the Company had paid Rs. 60.29 lakhs under protest. During the previous year, Company has adjusted the payment under protest to the extent of expected liablity though the outcome of appeal is pendng to be received. Expected outfow of interest/ penalty depends on outcome of the appeal filed.

Notes on standalone financial statements for the year ended 31st March 2019

(Rupees in lakhs)

		Year ended 31st March 2019	Year ended 31st March 2018
26 Revenue from operations			
Sale of products		15,126.91	12,363.28
Sale of services			
- Job work and tooling charges		74.41	171.96
	(A)	**15,201.32**	**12,535.24**
Other operating revenues			
- Export incentives		405.53	388.53
- Sale of electricity - windmill		216.26	182.31
- Scrap sales		1,657.34	1,167.17
- Sundry balances written back		-	8.08
	(B)	**2,279.13**	**1,746.09**
Total	**(A + B)**	**17,480.45**	**14,281.33**

26.1 **Disclosures of Ind AS 115 - Revenue from contracts with customers:**

Effective from 1st April 2018, the Company has applied Ind AS 115 which establishes a comprehensive framework for determining whether, how much and when revenue is to be recognised. Ind AS 115 ‘Revenue from contracts with customers’ replaces Ind AS 18 ‘Revenue’ and Ind AS 11 ‘Construction Contracts’. Adoption of new standard does not have any impact on revenue recognition for current year as well as earlier years. Refer Significant accounting policies on Revenue recognition.

(a) Contracts with customer and significant judgement in applying the standard:

(i) The Company’s operations relates to manufacturing and selling of forged and machined components for various sectors. The Company caters to both domestic and international markets. The company applies the guidance provided in Ind AS 115 ‘Revenue from contracts with customer’ for determining the timing of recognition of revenue. Refer significant accounting policies on Revenue recognition.

(ii) For details of revenue recognised from contracts with customers, refer note 26 above.

(iii) There are no contract assets arising from the Company’s contract with customers.

(b) Disaggregation of revenue:

(i) For disaggregation of revenue, refer break-up given in note 26 above, note 47.1 and note 47.4 (i)

(ii) Refer note 47.4(iii) for details regarding customer concentration that represents 10% or more of the Company’s total revenue during the year ended 31st March 2019 and 31st March 2018.

26.2 Reconciliation of revenue recognized with the contracted price is as follows:

Contracted price	17,523.06	14,326.10
Less: Reductions towards variable consideration components	42.61	44.77
Revenue recognised	**17,480.45**	**14,281.33**

The reduction towards variable consideration comprises of volume discounts, etc.

26.4 The Company receives government assistance in the form of MEIS license and duty drawback, which are issued to eligible importer. Above revenue includes MEIS and duty drawback income of Rs. 405.53 Lakhs (Previous year: Rs. 388.53 Lakhs). Out of the revenue recognised certain amount will be received from government upon receipt of balance amount from customer and fulfilment of other procedural formalities.

(Rupees in lakhs)

	Year ended 31st March 2019	Year ended 31st March 2018
27 Other income		
Interest income on		
- Fixed deposit	1.10	0.77
- Loans to wholly owned subsidiary	14.68	9.91
- Others	14.59	19.31
Guarantee commission recovered	18.34	15.48
Provision for contingencies written back (net)	1.74	0.03
Miscellaneous income*	30.24	10.09
Profit on sales / discard of assets (net)	3.67	-
Foreign exchange fluctuation - gain (net)	45.91	214.18
Total	**130.27**	**269.77**

* Miscellaneous income includes sundry scrap & miscellaneous recoveries.

28 Cost of raw materials consumed		
Opening Inventory	1,012.41	858.85
Add : Purchases	8,528.70	6,687.40
	9,541.11	**7,546.25**
Less : Closing Inventory	1,308.25	1,012.41
Cost of raw materials consumed	**8,232.86**	**6,533.84**
29 Changes in inventories of work-in-progress, finished goods and scrap		
Opening inventory		
Work-in-progress	1,517.98	1,374.66
Scrap	28.56	22.73
Finished goods in transit	-	
	1,546.54	**1,397.39**
Closing Inventory		
Work-in-progress	1,655.79	1,517.98
Scrap	30.21	28.56
Finished goods in transit	21.43	-
	1,707.43	**1,546.54**
Total (Increase) / Decrease in Stock of WIP, finished goods and scrap	**(160.89)**	**(149.15)**
30 Manufacturing expenses		
Dies expenses	255.44	200.77
Consumption of Stores & Spares	504.28	444.85
Other freight inward and other expenses	75.76	100.07
Cess Expenses (NMMC)	-	25.50
Power, fuel and water	925.29	726.99
Insurance expenses	67.98	62.51
Repairs and maintenance		
- Plant and machinery	190.29	175.42
- Windmill maintenance charges	22.43	23.70
- Building	0.15	2.05
Contract labour expense	291.91	228.06
Job work expenses	1,099.40	846.04
Rent (Refer note 38)	93.79	80.88
Total	**3,526.72**	**2,916.84**

(Rupees in lakhs)

	Year ended 31st March 2019	Year ended 31st March 2018
31 Employee benefit expense		
Salaries, wages and bonus (including managerial remuneration)	1,737.95	1,555.25
Contribution to provident and other funds	102.00	99.79
Gratuity and leave benefit expenses [Refer note 51 (a) and note 51 (b)]	83.34	60.13
Workmen and staff welfare expenses	56.75	55.07
Total	**1,980.04**	**1,770.24**
32 Finance costs		
Interest on bank facilities	483.04	446.39
Other interest costs*	27.80	17.51
Bank charges	102.28	92.26
Premium on forward contract	-	2.91
Foreign exchange loss (attributable to finance cost) (Refer note 32.1)	80.74	62.25
Total	**693.86**	**621.32**

*Other interest costs includes interest paid to tax authorities

32.1 The foreign exchange loss relating to foreign currency term loans and working capital loans to the extent considered as an adjustment to the interest cost.

	Year ended 31st March 2019	Year ended 31st March 2018
33 Other expenses		
Freight outward	648.79	626.84
Professional fees	168.36	175.86
Travelling and conveyance	85.13	84.06
Rates and taxes	88.96	58.40
Repairs and maintenance - Others	15.08	13.70
Payment to auditors [refer note 33.1]	19.80	17.04
Directors sitting fees	17.75	4.10
Sundry balance written off	0.75	8.23
Bad debts written off	5.51	17.89
Less: Allowance for bad and doubtful debts	(0.50)	(2.60)
Provision for doubtful advances	1.36	-
Corporate social responsibility expenses	17.72	12.59
Donation	1.29	1.54
Loss on sale and discard of fixed assets	-	13.55
Miscellaneous expenses*	146.07	147.24
Total	**1,216.06**	**1,178.44**

* Miscellaneous expenses includes office expenses, loss on sale of MEIS licences, printing stationery, postage, security, selling, communication etc.

	Year ended 31st March 2019	Year ended 31st March 2018
33.1 Payment to auditors		
As auditor:		
- Statutory audit fees	14.50	13.50
- Tax audit & tax advisory	3.00	3.00
- Others (including certification fees)	2.30	0.50
- Towards reimbursement of expenses	-	0.04
Total	**19.80**	**17.04**

34 Components of Other Comprehensive Income (OCI)

The disaggregation of changes to OCI for each type of reserve in equity is shown below

(Rupees in lakhs)

Particulars	During the year ended 31st March 2019	Tax	Net
Re-measurement gains (losses) on defined benefit plans	(38.58)	11.13	(27.45)
Total	**(38.58)**	**11.13**	**(27.45)**

Particulars	During the year ended 31st March 2018	Tax	Net
Re-measurement gains (losses) on defined benefit plans	(11.73)	3.76	(7.97)
Total	**(11.73)**	**3.76**	**(7.97)**

35 Earnings per equity share

(Rupees in lakhs)

		Year ended 31st March 2019	Year ended 31st March 2018
Numerator for basic and diluted EPS			
Net profit after tax attributable to shareholders (before OCI) (in Rs. lakhs)	(A)	1,193.88	819.34
Denominator for basic EPS			
Weighted average number of equity shares for basic EPS	(B)	17,270,000	17,270,000
Denominator for diluted EPS			
Weighted average number of equity shares for diluted EPS	(C)	17,270,000	17,270,000
Basic earnings per share of face value of Rs.10/- each (in Rs.)	**(A/B)**	**6.91**	**4.74**
Diluted earnings per share of face value of Rs.10/- each (in Rs.)	**(A/C)**	**6.91**	**4.74**

36 Contingent liabilities

(A) Contingent liabilities are determined on the basis of available information and are disclosed in the notes to standalone financial statements. Details of contingent liabilities not provided for are given below:

(a) Letters of guarantee issued by bank	62.45	59.13
(b) Claim against the Company not acknowledged as debts (net)	26.25	26.25
(c) Claim for Navi Mumbai Municipal Cess payable	-	-
(d) Corporate guarantees given for loans taken by Pradeep Metals Limited, Inc. Wholly Owned Subsidiary USD 3,200,000 (Previous year : USD 3,200,000). Maximum amount payable as per guarantee is USD 4,000,000 (Previous year : USD 4,000,000) Outstanding as on 31st March 2019 - USD 2,470,000 (Previous year : USD 2,750,000) In Rs.1,708.13 lakhs (Previous year : Rs.1,792.31 lakhs) (Refer Notes 4.10 & 5.1)#	1,708.13	1,792.31

Converted in INR at exchange rate of year end i.e. Rs. 69.155 (Previous year : Rs. 65.175)

(i) In respect of (a) and (d) above, the Company does not expect any cash outflow till such time contractual obligations are fulfilled.

(ii) In respect of (b) and (c) above, future cash out flows (including interest / penalty) are determinable on receipt of judgments from tax authorities / labour court.

(B) The Company had received demand of Rs. 118.51 lakhs (Previous year : Rs. 118.51 lakhs) under the Income Tax Act for financial years 2008-09, 2011-12, 2012-13 and 2013-14 as per which the department has withhold refund to the extent of credit of dividend taxes paid. In this regard, the Company has filed rectification application seeking to give credit of taxes paid and after rectification, no demand will be payable. The Company does not expect any demand from tax department and hence not disclosed under contingent liability.

37 Capital and other commitments

Capital commitment for tangible assets (net of advance paid) - Rs.328.95 lakhs (Previous year : Rs.413.18 lakhs). There are no other commitments. Capital commitment for intangible assets (net of advance paid) - Rs. Nil (Previous year : Rs. Nil)

38 Disclosure of lease - Operating leases

Company as lessee:

The Company has taken factory premises and machinery under cancellable operating lease agreements. The total lease rentals recognized as an expense during the year under the above lease agreements aggregates to Rs. 93.79 lakhs (Previous year Rs. 80.88 lakhs). There are no restrictions imposed by the lease agreements. There are no sub leases. Leasehold land has been amortised over the lease period.

39 Related party disclosure

39.1 Name of the related parties and related party relationship

Description of relationship	Name of the Related Party
Enterprise having control over the Holding Company (Ultimate holding company)	Nami Capital Private Limited [w.e.f. 1st October, 2018] (Rabale Engineering India Private Limited changed its name to Nami Capital Private Limited)
Director / Key management personnel (KMP)	Mr. Pradeep Goyal, Chairman & Managing Director
	Dr. Kewal K. Nohria, Non-Executive Director
	Mr. Omprakash Agarwal, Non-Executive Director
	Mrs. Neeru P. Goyal, Non-Executive Director (Wife of Chairman & Managing Director)
	Mr. Suresh G. Vaidya, Independent Director
	Mr. Jaidev R. Shroff, Independent Director (Upto 30th September 2018)
	Mr. Jayavardhan Dhar Diwan, Independent Director
	Mrs. Nandita Vohra, Independent Director (Additional) (w.e.f 28th December 2018)
	Mr. Kartick Maheshwari, Independent Director
Relatives of key management personnel	a) Mr. Abhinav Goyal (Son of Chairman & Managing Director) b) Mrs. Neha Goyal (Daughter in law of Chairman & Managing Director)
Subsidiary (Wholly own Subsidiary)	Pradeep Metals Limited Inc., USA, Houston
100% Step down subsidiary	Dimensional Machine Works LLC, USA, Houston
Enterprises owned or significantly influenced by key management personnel or their relatives	Dhanlabh Engineering Works Private Limited

Note: Designated Key Managerial Personnel as required by Section 2013 of the Companies Act, 2013 are not considered to be Key Management Personnel (Related party) for the purpose of disclosure under Ind AS 24.

39.2 Related party transactions

(Rupees in lakhs)

Name of the related party	Nature of the Transaction	Year ended 31st March 2019	Year ended 31st March 2018
Dhanlabh Engineering Works Private Limited	Labour charges paid	74.66	65.16
	Sales	9.39	0.92
	Rent expenses	30.54	29.27
	Electricity charges (Reimbursement)	16.91	17.81
Pradeep Metals Limited Inc., USA, Houston	Sales	2,846.15	1,923.80
	Guarantee commission recovered	18.34	15.48
	Loan given	-	228.11
	Repayment of loan given	65.18	-
	Interest on loan	14.68	9.91
	Corporate guarantee given #	-	782.10
Dimensional Machine Works LLC, USA, Houston	Purchase of fixed assets	230.59	-
Mrs. Neeru P. Goyal	Sitting fees paid	1.50	0.40
Dr. Kewal K. Nohria	Sitting fees paid	2.75	0.95
	Commission	1.00	-
Mr. Omprakash Agarwal	Sitting fees paid	1.75	0.45
	Commission	1.50	-
Mr. Suresh G. Vaidya	Sitting fees paid	4.25	1.00
	Commission	1.50	-
Mr. Jaidev R. Shroff	Sitting fees paid	0.25	0.10
	Commission	0.25	-
Mr. Jayavardhan Dhar Diwan	Sitting fees paid	4.00	0.65
	Commission	1.50	-
Mr. Kartick Maheshwari	Sitting fees paid	2.75	0.15
	Commission	1.00	-
Mrs. Nandita Vohra	Sitting fees paid	0.50	-
	Commission	0.50	-
Mr. Pradeep Goyal	Remuneration	84.00	84.00
	Incentive pay	25.00	-

Note: Sitting fees, commission, remuneration and incentive pay forms part of short term employee benefits.
* Does not include gratuity and leave encashment since the same is considered for all employees (including the Chairman & Managing Director) of the Company as a whole and also does not include reimbursement of expenses.

39.3 Balance outstanding as at the year end

(Rupees in lakhs)

Name of the related party	Nature of outstanding	Year ended 31st March 2019	Year ended 31st March 2018
Pradeep Metals Limited Inc., USA, Houston	Trade receivable	2,212.04	1,598.83
	Guarantee commission recoverable	1.45	6.03
	Reimbursement of expenses receivable	14.85	-
	Loan given	172.89	228.11
	Interest on loan receivable	1.00	4.14
	Investment	879.10	879.10
	Corporate guarantee outstanding #	1,708.13	1,792.31
Dimensional Machine Works LLC, USA, Houston	Trade payable for capital goods	1.91	-
Dhanlabh Engineering Works Private Limited	Trade payable	6.58	15.46
Dr. Kewal K. Nohria	Commission payable	1.00	-
Mr. Omprakash Agarwal	Commission payable	1.50	-
Mr. Suresh G. Vaidya	Commission payable	1.50	-
Mr. Jaidev R. Shroff	Commission payable	0.25	-
Mr. Suresh G. Vaidya	Commission payable	1.50	-
Mr. Jayavardhan Dhar Diwan	Commission payable	1.50	-
Mr. Kartick Maheshwari	Commission payable	1.00	-
Mrs. Nandita Vohra	Commission payable	0.50	-
Pradeep Goyal	Remuneration payable	3.90	3.90
	Incentive payable	25.00	-

#Converted in INR at exchange rate of year end i.e. Rs. 69.155 (Previous year : Rs. 65.175). Corporate guarantee of USD 3,200,000 (Previous year : USD 3,200,000) is given for loans taken by Pradeep Metals Limited, Inc.

Note: In addition to above transactions, Chairman and Managing Director of the Company has given personal guarantee for loan facilities taken by the Company, No guarantee charges are payable by the Company (Refer note 18.1 & 21.1)

39.4 Outstanding balances at the year end are unsecured with a short term duration and interest free. For the year ended 31st March 2019, the Company has not recorded any impairment of receivables relating to amount owed by related parties (Previous year :Rs. Nil). This assessment is undertaken in each financial year through examining the financial position of the related party & the market in which the related party operates.

39.5 All transactions were made on normal commercial terms and conditions and at market rates.

40 Loans and advances in the nature of loans given to subsidiary

(Rupees in lakhs)

	As at 31st March 2019	As at 31st March 2018
Pradeep Metals Limited, Inc		
Balance outstanding	172.89	228.11
Maximum amount outstanding during the year	228.11	228.11

41 Disclosures required under sec. 186(4) of the Companies Act, 2013

(Rupees in lakhs)

Name of the borrower	Purpose	Rate of Int. p.a.	As at 31st March 2019	As at 31st March 2018
Pradeep Metals Limited, Inc.	Gerneral corporate/ Business purpose	6.95% (Previous year: LIBOR + 3.5%)	69.16	130.35
		6.51% (Previous year: LIBOR + 3.5%)	103.73	97.76
Total			**172.89**	**228.11**

42 Financial instruments by category

Set out below is a comparison, by class, of the carrying amounts and fair value of the Company's financial instruments as of 31st March 2019, other than those with carrying amounts that are reasonable approximates of fair values:

(Rupees in lakhs)

Particulars	Carrying value		Fair Value	
	As at 31st March 2019	As at 31st March 2018	As at 31st March 2019	As at 31st March 2018
(i) Investments	0.05	0.05	0.05	0.05
(ii) Loans	181.17	230.83	181.17	230.83
(iii) Other non-current financial assets	54.94	51.31	54.94	51.31
(iv) Trade receivables	5,908.08	4,821.49	5,908.08	4,821.49
(v) Cash and cash equivalents	43.59	120.00	43.59	120.00
(vi) Other bank balances	32.25	38.00	32.25	38.00
(vii) Other current financial assets	630.60	641.85	630.60	641.85
Total financial assets	**6,850.68**	**5,903.54**	**6,850.68**	**5,903.54**
(i) Borrowings (Non-current)	1,507.98	1,854.76	1,507.98	1,854.76
(ii) Trade payable	1,640.21	1,398.68	1,640.21	1,398.68
(iii) Other current financial liabilities	1,455.75	1,247.55	1,455.75	1,247.55
(iv) Borrowings (Current)	5,523.99	4,823.17	5,523.99	4,823.17
Total financial liabilities	**10,127.93**	**9,324.15**	**10,127.93**	**9,324.15**

The management assessed that the fair value of cash and cash equivalent, trade payables and other current financial assets and liabilities approximate their carrying amounts largely due to the short term maturities of these instruments. The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

43 Significant estimates and assumptions

The preparation of the Company's financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the accompanying disclosures, including the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

a)Impairment of non-financial assets

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

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations involves use of significant estimates and assumptions which includes turnover and earnings multiples, growth rates and net margins used to calculate projected future cash flows, risk-adjusted discount rate, future economic and market conditions.

b)Measurement of defined benefit plan & other long term benefits

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

c)Fair value measurement of financial instruments

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

d)Impairment of financial assets

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

e)Income tax and deferred tax

Provision for tax liabilities require judgements on the interpretation of tax legislation, developments in case law and the potential outcomes of tax audits and appeals which may be subject to significant uncertainty. Therefore the actual results may vary from expectations resulting in adjustments to provisions, the valuation of deferred tax assets, cash tax settlements and therefore the tax charge in the statement of profit and loss.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which such deferred tax assets can be utilized. Currently, the Company has recognised the deferred tax on unused tax losses / unused tax credits only to the extent of the corresponding deferred tax liability. Any increase in probability of future taxable profit will result into recognition of unrecognised deferred tax assets.

f) Provision for Inventories

Management reviews the inventory age listing on a periodic basis. This review involves comparison of the carrying value of the aged inventory item with the respective net realisable value. The purpose is to ascertain whether an allowance is required to be made in the financial statements for any obsolete and slow-moving items. Management is satisfied that adequate allowance for absolute and slow-moving inventories has been made in the financial statement

44 Hedging activities and derivatives

Derivatives not designated as hedging instruments

The Company had used foreign exchange forward contracts to manage repayment of some of its foreign currency denominated borrowings in the past. These foreign exchange forward contracts are not designated as cash flow hedges and are entered into for periods consistent with foreign currency exposure of the underlying transactions i.e. the repayments of foreign currency denominated borrowings. However, considering that the Company has a natural hedge in the form of exports receivables, the Company does not book foreign exchange forward contracts.

45 Financial risk management objectives and policies

The Company's principal financial liabilities comprise loans and borrowings, trade payables and financial guarantee contracts. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include loans, trade and other receivables and cash and cash equivalents that derive directly from its operations.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks. The Company's senior management is supported by a Risk Management Committee (RMC) that advises on financial risks and the appropriate financial risk governance framework for the Company. The RMC provides assurance that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. It is the Company's policy that no trading in derivatives for speculative purposes may be undertaken. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised as below.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings and deposits.

Interest rate risk

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

The Company generally converts its borrowings in Foreign Currency, considering natural hedge it has against its export. All foreign currency debt obligations carry floating interest rates.

Interest rate sensitivity

The Company's total interest cost the year ended 31st March 2019 was Rs.693.86 lakhs and for year ended 31st March 2018 was Rs.621.32 lakhs. The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected, with all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows:

Particulars	Change in basis points	Effect on PBT and equity (Rs. In Lakhs)
31st March 2019	+50 -50	10.12 (10.12)
31st March 2018	+50 -50	11.12 (11.12)

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment, showing a significantly higher volatility than in prior years.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's export revenue and long term foreign currency borrowings.

The Company manages its foreign currency risk by budgeting exports sales & repeat orders from its overseas customers and Company keep its long term foreign currency borrowings un-hedged which will be natural hedge against its un-hedged exports. The Company may hedge its long term borrowing near to the repayment date to avoid rupee volatility in short term. The company also avails bill discounting facilities in respect of export receivables.

Commodity price risk

Company is affected by the price volatility of certain commodities. Its operating activities require the on-going purchase of steel. Due to significant volatility of the price of the steel, the Company has agreed with its customers for pass-through of increase/decrease in prices of steel. There may be lag effect in case of such pass-through arrangement.

Commodity price sensitivity

The Company revises its prices to customers on quarterly basis by considering average raw materials prices prevailing in the previous quarter implying it passes through any increase in prices thereby minimising the impact on the profit and loss and equity of the Company.

Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and other receivables and deposits, foreign exchange transactions and other financial instruments.

Expected credit loss and Trade receivables

Customer credit risk is managed by the Company's established policy, procedures and control relating to customer credit risk management. Further, Company's customers includes companies having long standing relationship with the Company. Outstanding customer receivables are regularly monitored and reconciled. Two customers accounted for more than 10% of the total receivables as at 31st March 2019 and 31st March 2018. An impairment analysis is performed at each reporting date on an individual basis for major clients. In addition, a large number of minor receivables are grouped into homogeneous groups and assessed for impairment collectively. The calculation is based on historical data, past trend and standard percentage norms. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 11. The Company does not hold collateral as security except in case of few customers. Majority of the export receivable are covered under the insurance cover. The Company evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets. For movement in expected credit loss allowance refer the below table:

(Rupees in lakhs)

Particulars	As at 31st March 2019	As at 31st March 2018
Opening balance	0.95	3.55
Add : Allowance for doubtful receivables made during the year	-	-
Less : Allowance for doubtful receivables reversed during the year	(0.50)	(2.60)
Less : Trade receivables written off during the year	-	-
Closing balance	**0.45**	**0.95**

Liquidity risk

As per the Company's policy, there should not be concentration of repayment of loans in a particular financial year. In case of such concentration of repayment, the Company evaluates the option of refinancing entire or part of repayments for extended maturity. The Company assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. The Company has access to a sufficient variety of sources of funding and debt maturing within 12 months can be rolled over with existing lenders and the Company.

The table below summarises the maturity profile of the Company's financial liabilities:

Particulars		
Less than 1 year		
Borrowings (Current)	5,523.99	4,823.17
Trade and other payables	1,640.21	1,398.69
Other financial liabilities	628.52	529.15
Current maturity of long term borrowings	827.23	718.40
	8,619.95	**7,469.41**
1 to 5 years		
Borrowings (Non-current)	1,507.98	1,854.76
	1,507.98	**1,854.76**
Total	**10,127.93**	**9,324.16**

46 Capital management

For the purpose of the Company's capital management, capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders of the Company. The primary objective of the Company's capital management is to maximise the shareholder value.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company monitors capital using a debt equity ratio, which is debt divided by equity.

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current period. No changes were made in the objectives, policies or processes for managing capital during the years ended 31st March 2019 and 31st March 2018.

47 Segmental disclosure

The Company is primarily engaged in manufacturing of closed die steel forgings & processing and Company is also into power generation from wind turbine which is supplied to Maharashtra State Electricity Distribution Company Limited (MSEDCL).

(Rupees in lakhs)

Particulars	Closed die forging and processing	Power generation	Total
47.1 Segment Revenue-Gross			
External revenue	17,264.19	216.26	17,480.45
Previous year	14,099.02	182.31	14,281.33
47.2 Segment Results			
Segment total	2,557.49	118.07	2,675.56
Previous year	1,803.54	101.92	1,905.46
Unallocated corporate expenses net of unallocated income			303.45
Previous year			111.24
Profit before interest etc. and taxation			
Less: Finance costs			693.86
Previous year			621.32
Profit before tax			**1,678.25**
Previous year			1,172.89
Tax expense			**484.38**
Previous year			353.32
Profit for the year			**1,193.87**
Previous year			819.57
47.3 Other information			
Segment assets	15,232.06	1,197.12	16,429.19
Previous year	13,043.78	1,261.36	14,305.14
Unallocated Corporate assets			1,149.65
Previous year			1,218.35
Segment liabilities	2,562.06	-	2,562.06
Previous year	2,122.49	23.00	2,145.49
Unallocated Corporate liabilities			8,618.76
Previous year			8,146.40
Depreciation / amortization	387.50	56.31	443.81
Previous year	360.02	55.63	415.65
Capital expenditure	1,149.42	-	1,149.42
Previous year	521.10	-	521.10

47.4 Secondary segment: Geographical information

i) Sales, service income and other operating revenue by geographical market:

(Rupees in lakhs)

Locations	Year ended 31st March 2019	Year ended 31st March 2018
Within India	7,629.49	5,846.17
Outside India	9,850.96	8,435.16
Total	**17,480.45**	**14,281.33**

Note : Revenue within India includes sales to customers located within India and revenue outside India includes sales to customers located outside India.

ii) Trade receivable at year end

(Rupees in lakhs)

Locations	As at 31st March 2019	As at 31st March 2018
India	993.36	860.00
Outside India	4,914.71	3,961.48
Total	**5,908.08**	**4,821.48**

Note: Above figures are net of provision Rs. 0.45 lakhs (Previous year : Rs. 0.95 lakhs)

iii) Reliance on major customers:

Two customers represents more than 10% of the total revenue. Total revenue from these major customers amounts to Rs. 3,607.58 lakhs. In case of previous year only one customer represented more than 10% of total revenue whose revenue amounted to Rs. 1,824.49 lakhs.

Notes:

a) The operating segments have been reported in a manner consistent with the internal reporting provided to the Corporate Management Committee, which is the Chief Operating Decision Maker.

b) The business segment comprise the following:

a) Closed Die Forging and Processing

b) Power Generation

c) The geographical information considered for disclosure are: Sales within India and Sales outside India

48 Foreign currency exposures that are not hedged by derivative instruments.

Particulars	As at 31st March 2019		As at 31st March 2018	
	Amount in Foreign Currency (in lakhs)	Rs. in lakhs	Amount in Foreign Currency (in lakhs)	Rs. in lakhs
Borrowings [Term loan & packing credit] USD	59.55	4,104.52	73.07	4,750.86
Trade and other receivable (net of bills discounted)				
USD	40.04	2,769.00	32.48	2,095.26
EURO	5.92	460.06	4.17	324.62
GBP	0.42	38.39	0.62	55.89
Capital advances given				
USD	-	-	0.34	21.91
Trade payable for capital goods				
USD	0.37	25.69	-	-

Note: Open purchase orders & sales orders have not been considered for foreign currency exposure.

	Year ended 31st March 2019	Year ended 31st March 2018
		(Rupees in lakhs)
49 Expenditure on Research & Development (Charged to statement of P & L) [Other than microwave project]		
Professional Fees	11.22	11.25
Tours & Travels	0.04	0.13
Rent, Rate and Taxes	1.20	1.20
Motor Car Expenses	-	-
Repairs & Maintenance	4.74	1.55
Employees Welfare	0.07	0.14
Materials stores & spares	0.65	0.72
Other Expenses	0.72	0.81
Total	**18.64**	**15.80**
50 CSR expenditure		
(a) Gross amount required to be spent by the company during the year	16.83	16.79
(b) Amount spent during the year	17.72	12.59
i) Construction / acquisition of any asset	-	-
ii) On purposes other than (i) above	17.72	12.59
(c) Balance unspent	-	4.20

Notes on standalone financial statements for the year ended 31st March 2019

51 Defined benefits and other long term benefit plans

(a) Gratuity plan

Funded scheme

The Company has a defined benefit gratuity plan for its employees. The gratuity plan is governed by the payment of Gratuity Act, 1972. Under the Act, every employee who has completed five years of service is entitled to specific benefit. The level of benefits provided on the employee's length of service and salary retirement age. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn) for each completed year of service as per the provisions of the payment of Gratuity Act, 1972. The scheme is funded with insurance company in the form of a qualifying insurance policy.

Risk exposure and asset-liability matching

Provision of a defined benefit scheme poses certain risks, some of which are detailed hereunder, as companies take on uncertain long term obligations to make future benefits payments.

I. Liability risks

a) Asset-liability mismatch risk

Risk which arises if there is a mismatch in the duration of the assets relative to the liabilities. By matching duration with the defined benefit liabilities, the Company is successfully able to neutralize valuation swings caused by interest rate movements.

b) Discount rate risk

Variations in the discount rate used to compute the present value of the liabilities may seem small, but in practice have a significant impact on the defined benefit liabilities.

c) Future salary escalation and inflation risk

Since prive inflation and salary growth are linked economically, they combined for disclosure purposes. Rising salaries will often result in higher future defined benefit payments resulting in a higher present value of liabilities especially unexpected salary increase provided at management's discretion may lead to uncertainties in estimating this increasing risk.

II. Asset Risks

All plan assets are maintained in a trust fund managed by a public sector insurer viz. LIC of India. LIC has a sovereign guarantee and has been providing consistent and competitive returns over the years. The Company has opted for a traditional fund wherein all assets are invested primarily in risk averse markets. The Company has no control over the management of funds but this option provides a high level of safety for the total corpus. A single account is maintained for both the investment and claim settlement and hence 100% liquidity is ensured. Also interest rate and inflation risk are taken care of.

The following table summarises the components of net benefit expense recognised in the statement of profit and loss and the funded status and amounts recognised in the balance sheet for the gratuity plan. The principal assumptions used in determining gratuity for the company's plan is shown below:

(Rupees in lakhs)

Particulars	As at 31st March 2019	As at 31st March 2018
Mortality table	IALM(2006-08) ult	IALM(2006-08) ult
Discount rate	7.61%	7.60%
Expected rate of return on plan assets	8.00%	8.00%
Rate of increase in compensation levels	8.00%	8.00%
Expected average remaining working lives(in years)	14.15	13.70
Employee attrition rate	PS 0 - 42 - 2%	PS 0 - 42 - 2%

Changes in the present value of the defined benefit obligation recognised in balance sheet are as follows:

(Rupees in lakhs)

Particulars	As at 31st March 2019	As at 31st March 2018
Present value of obligation as at the beginning of the year	486.13	442.90
Interest expense	34.50	30.94
Current service cost	44.70	44.08
Past service cost-(Non vested benefits)	-	-
Past service cost-(Vested benefits)	-	1.78
Benefits (paid)	(63.93)	(39.76)
Remeasurements on obligation [Actuarial (Gain) / Loss]	35.74	6.18
Closing defined benefit obligation	**537.15**	**486.13**

Changes in the fair value of plan assets recognised in balance sheet are as follows:

(Rupees in lakhs)

Particulars	As at 31st March 2019	As at 31st March 2018
Opening fair value of plan assets	420.36	360.27
Adjustment to opening fair value of plan assets	-	(3.32)
Interest income	31.64	27.62
Contributions	40.79	81.09
Benefits paid	(63.93)	(39.76)
Remeasurements	-	-
Return on plan assets, excluding amount recognised in interest income-Gain / (Loss)	(2.84)	(5.54)
Closing fair value of plan assets	**426.02**	**420.36**

Net Interest (Income / Expense)

(Rupees in lakhs)

Particulars	Year ended 31st March 2019	Year ended 31st March 2018
Interest (Income) / Expense - Obligation	34.50	30.94
Interest (Income) / Expense - Plan assets	(31.64)	(27.62)
Net Interest (Income) / Expense for the year	**2.87**	**3.32**

Remeasurement for the year [Actuarial (Gain) / Loss]

(Rupees in lakhs)

Particulars	Year ended 31st March 2019	Year ended 31st March 2018
Experience (Gain) / Loss on plan liabilities	36.39	19.09
Demographic (Gain) / Loss on plan liabilities	-	-
Financial (Gain) / Loss on plan liabilities	(0.65)	(12.91)
Experience (Gain) / Loss on plan assets	36.39	19.09
Financial (Gain) / Loss on plan assets	-	-

Amount recognised in statement of other comprehensive income (OCI)

(Rupees in lakhs)

Particulars	Year ended 31st March 2019	Year ended 31st March 2018
Remeasurement for the year - obligation (Gain) / Loss	35.74	6.18
Remeasurement for the year - plan assets (Gain) / Loss	2.84	5.55
Total Remeasurement cost / (credit) for the year recognised in OCI	**38.58**	**11.73**

The amounts to be recognised in the Balance Sheet

(Rupees in lakhs)

Particulars	As at 31st March 2019	As at 31st March 2018
Present value of obligation as at the end of the year	537.15	486.13
Fair value of plan assets as at the end of the year	426.02	420.36
Net asset / (liability) to be recognised in balance sheet	**(111.13)**	**(65.77)**

Expense recognised in the Statement of Profit and Loss

(Rupees in lakhs)

Particulars	Year ended 31st March 2019	Year ended 31st March 2018
Current service cost	44.70	44.08
Past service cost - (vested benefits)	-	1.78
Past service cost - (non vested benefits)	-	-
Sub Total	**44.70**	**45.86**
Net Interest (Income) / Expense	2.87	3.32
Net periodic benefit cost recognised in the statement of profit and loss	**47.57**	**49.18**

Reconciliation of net assets / (liability) recognised:

(Rupees in lakhs)

Particulars	As at 31st March 2019	As at 31st March 2018
Net asset / (liability) recognised at the beginning of the year	(65.77)	(82.63)
Adjustment to opening balance	-	(3.32)
Company Contributions	40.79	81.09
Expense recognised at the end of year	(47.57)	(49.18)
Amount recognised outside profit & loss for the year (OCI)	(38.58)	(11.73)
Net asset / (liability) recognised at the beginning of the year	**(111.13)**	**(65.77)**

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

Particulars	As at 31st March 2019	As at 31st March 2018
Funds managed by insurer	100%	100%

Sensitivity analysis:

A) Impact of change in discount rate when base assumption is decreased / increased present value of obligation

(Rupees in lakhs)

Discount rate	As at 31st March 2019	As at 31st March 2018
Decrease by 1%	591.15	534.21
Increase by 1%	490.33	444.43

B) Impact of change in salary increase rate when base assumption is decreased / increased present value of obligation

(Rupees in lakhs)

Salary increment rate	As at 31st March 2019	As at 31st March 2018
Decrease by 1%	490.64	444.72
Increase by 1%	589.37	532.98

The estimates of future salary increases, considered in actuarial valuation, takes account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market. The sensitivity analysis above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

The following are the expected benefit payments [gross liability] to the defined benefit plan in future years:

(Rupees in lakhs)

Particulars	As at 31st March 2019	As at 31st March 2018
Within one year	19.41	39.39
After one year but not more than five years	120.80	100.17
After Five years but not more than ten years	284.65	179.17

(b) Leave benefits

Liability for leave benefits which are long term in nature (Privilege and sick leave) are unfunded and actuarially determined considering the leave policy/rules of the Company. Provision for short term leave benefit - casual leave is calculated on arithmetic basis. The total liability for leave benefits as at year end is Rs.162.79 lakhs (Previous year : Rs.141.65 lakhs).

52 Defined contribution plan

Provident fund & ESIC

In accordance with the law, all employees of the Company are entitled to receive benefits under the provident fund and ESIC. Under the defined contribution plan, provident fund and ESIC is contributed to the government administered fund. The Company has no obligation, other than the contribution payable to the provident fund & ESIC.

53 Cash flow statement related

53.1 Aggregate outflow on account of direct taxes paid is Rs. 461.76 lakhs (Previous year : Rs.306.67 lakhs).

53.2 Conversion of Rupee term loan in foreign currency loan (USD) aggregating to Rs. Nil (Previous year : Rs. 1,565.75 lakhs) is not considered as cash transaction.

53.3 Net cash inflow from operating activity netted off with expenditure on Corporate Social Responsibility (CSR) expenditure of 17.72 lakhs (Previous year: Rs. 12.59 lakhs) (Refer note 50).

53.4 Disclosure as required by Ind AS 7

Reconciliation of liabilities arising from financing activities

(Rupees in lakhs)

Particulars	As at 31st March 2018	Cash Flows	Non Cash Changes	As at 31st March 2019
Short Term Borrowings	4,823.17	699.12	1.71	5,523.99
Long Term Borrowings	2,573.16	(199.28)	(38.69)	2,335.19
Total Liabilities from financing activities	**7,396.33**	**499.84**	**(36.98)**	**7,859.18**

(Rupees in lakhs)

Particulars	As at 31st March 2017	Cash Flows	Non Cash Changes	As at 31stMarch 2018
Short Term Borrowings	5,972.73	(1,169.65)	20.09	4,823.17
Long Term Borrowings	2,081.45	478.36	13.36	2,573.16
Total Liabilities from financing activities	**8,054.17**	**(691.30)**	**33.45**	**7,396.33**

54 The Board of directors has recommended a final dividend of Re. 1 per equity share on face value of Rs. 10/- each for financial year 2018-19 on board meeting held on 15th May 2019, subject to approval of shareholders in ensuing Annual General Meeting.

55 Additional Information as required by para 7 of General Instructions for preparation of Statement of Profit and Loss (other than already disclosed above) are either Nil or Not Applicable.

56 Previous Year Figures have been regrouped/rearranged wherever necessary.

Notes referred to herein above form an integral part of standalone financial statements.

As per our report of even date

For N. A. Shah Associates LLP
Chartered Accountants

Firm Registration No.116560W/W100149
Milan Mody
Partner
Membership No. 103286

Place: Mumbai
Date: 15th May, 2019

For and on behalf of the Board of Directors of Pradeep Metals Limited

Pradeep Goyal
Chairman and Managing Director
DIN: 00008370

Neeru P. Goyal
Director
DIN: 05017190

Nivedita Nayak
Company Secretary
Membership No. F8479

Kavita Choubisa Ojha
Chief Financial Officer

Place : Mumbai
Date: 15th May, 2019

INDEPENDENT AUDITORS' REPORT

To,
The Members of
Pradeep Metals Limited

Report on the Audit of Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of **Pradeep Metals Limited** (hereinafter referred to as "the Holding Company") and wholly owned subsidiary and step down subsidiary [the Holding Company and its wholly owned subsidiary (WOS) and step down subsidiary (SDS) together referred to as "the Group"] comprising the Consolidated Balance Sheet as at 31st March 2019, the Consolidated Statement of Profit and Loss (including other comprehensive income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (together referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated 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 including the Ind AS, of the consolidated state of affairs of the group, as at 31st March 2019, and their consolidated profit including other comprehensive income, consolidated cash flows and consolidated changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in India in terms of the Code of Ethics issued by ICAI and the relevant provisions of the Companies Act, 2013, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter

In respect of Step Down Subsidiary (SDS);

1. Reference is invited to note 4.12 of the consolidated financial statement. Management is of the view that expected growth in the demand of the SDSs products will generate sufficient cash flows to cover the carrying value of the tangible assets and intangible assets (including goodwill). In view of the above, in the opinion of the management, no provision for impairment loss of assets of SDS is considered necessary;
2. Reference is invited to note 9.1of the consolidated financial statement. Ageing of slow/non-moving items of inventories is not available from the system. Management is of the view that there is demand for the SDS's products and these inventories have realizable value greater than cost and hence no provision is considered necessary. We have relied on the management for the demand estimate and expected price realization.

   Our opinion is not qualified in the above matters.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters

Inventory valuation (WIP)

Holding company:

The nature of items produced by the holding company are customized and are unique (i.e. non standardized items), this poses a challenge of inventory valuation especially in respect of in Work In Progress (WIP). As at 31st March 2019, WIP value is Rs. 1,655.79 lakhs. The holding company has multiple control points which are manual in nature; these controls include detailed recording of movement of WIP items, periodical physical verification and ascertainment of stage of WIP by the management. Further, we have test verified the inventory of work in progress as at year end and also performed analytical test to validate the closing stock quantities and values of WIP. Our test included (a) verification of the overall input-output reconciliation and inquiring the reasons for difference between standard and actual consumption & yield, (b) verifying the accuracy of the closing stock valuation work sheets and (c) assessing the accuracy and completeness of the information used by management in comparing the cost of WIP inventory with net realizable value. The deviation were not significant and satisfactory explanation was provided to us.

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

The Company's Board of Directors is responsible for the other information. The other information comprises of the Board's Report including Annexures to Board's Report, Management Discussion and Analysis, Business Responsibility Report, Corporate Governance and Shareholder's Information but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated 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 Management and Those Charged with Governance for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in terms of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including Ind AS specified under section 133 of the Act read with the Companies (Indian Accounting Standard) Rules, 2015 as amended from time to time. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group 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 the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

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

The respective Board of Directors of the companies included in the Group are responsible for overseeing the financial reporting process of the Group.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

As a 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 consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company (where applicable) has adequate internal financial controls system 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 use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group'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 consolidated 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of Holding Company included in the consolidated financial statements of which we are the independent auditors.

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

We communicate with those charged with governance of the Holding Company included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

Other matter

We did not audit the financial statements of WOS and SDS, whose financial statements reflect total assets of Rs. 3,637.51 lakhs as at 31st March 2019, total revenues of Rs. 4,519.76 lakhs and net cash flows aggregating to Rs. 206.55 lakhs for the year ended on that date, as considered in the consolidated financial statements. We have carried out limited review of the unaudited standalone financial statements of WOS and SDS. The unaudited financial statements / financial information of WOS and SDS are certified by the Holding Company's management and have been prepared by the Holding Company in accordance with Ind AS. Our opinion on the consolidated financial statements of the Group in so far as it relates to the amounts and disclosures included in respect of the WOS and SDS and our report in terms of sub-section (3) of Section 143 of the Act in so far it relates to the aforesaid WOS and SDS, is based solely on such management certified unaudited financial statements.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the financial statements / financial information certified by the Management.

Report on other legal and regulatory requirements

As required by Section 143 (3) of the Act, we report that:

a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit for the aforesaid consolidated financial statements.

b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books.

c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014.

e) On the basis of the written representations received from the directors of the Holding Company as on 31st March 2019 taken on record by the Board of Directors of the Holding Company, none of the directors are disqualified as on 31st March 2019 from being appointed as a director in terms of Section 164 (2) of the Act. The Holding Company has subsidiary companies (WOS and SDS) incorporated outside India, hence, Section 164(2) of the Act is not applicable to the WOS and SDS.

f) With respect to the adequacy of the internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, considering that WOS and SDS are incorporated outside India, such reporting requirements are not applicable to WOS and SDS. In respect of the Holding Company, our report on adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls may be referred to our separate report in Annexure A;

g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid / provided by the Company to its directors for the year ended 31st March 2019 is in accordance with the provisions of section 197 read with Schedule V of the Act. In respect of subsidiaries, Section 197 is not applicable; and

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 consolidated financial statements disclose the impact of pending litigations on its consolidated financial position of the Group – Refer note 35(A)(b), 35(A)(c) and 35(B) to the consolidated financial statements

   ii. The Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

   iii. According to the information and explanations given to us and on the basis of our examination of records of the Company, there was a delay of 39 days in transferring unpaid dividend amount to the Investor Education and Protection Fund by the holding company.

For N. A. Shah Associates LLP
Chartered Accountants
Firm Registration No.: 116560W/W100149

Milan Mody
Partner
Membership No.: 103286

Place: Mumbai
Date: 15th May, 2019

Annexure A to Independent Auditors' Report of even date on the consolidated financial statements of Pradeep Metals Limited

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

Opinion

We have audited the internal financial controls over financial reporting of **Pradeep Metals Limited** ("the Holding Company") as of 31st March 2019 in conjunction with our audit of the consolidated financial statement of the Group for the year ended on that date. The Holding Company has subsidiary companies (WOS and SDS) incorporated outside India and reporting on the adequacy and operating effectiveness of internal financial controls over financial reporting is not applicable to such subsidiary companies (WOS and SDS).

In respect of inventory (recording of WIP and allocation of overheads), internal financial controls needs to be further strengthened to commensurate with the size of the Holding Company and nature of its business. This matter was reported in earlier year also.

In our opinion, read with our comment with respect to inventory above, the Holding Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2019, based on the internal control over financial reporting criteria established by the Holding 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 ICAI.

Responsibilities of Management and Those Charged with Governance for Internal Financial Controls over Financial Reporting

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

Auditors' Responsibility

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

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

Meaning of Internal Financial Controls over Financial Reporting

The Holding Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with generally accepted accounting principles. The Holding Company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Holding Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Holding Company are being made only in accordance with authorizations of management and directors of the Holding Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Holding Company's assets that could have a material effect on the consolidated financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

For N. A. Shah Associates LLP
Chartered Accountants
Firm Registration No.: 116560W/W100149

Milan Mody
Partner
Membership No.: 103286

Place: Mumbai
Date: 15th May, 2019

Consolidated Balance Sheet as at 31st March 2019

(Rupees in lakhs)

Particulars	Note No.	As at 31st March 2019	As at 31st March 2018
ASSETS			
I. Non-current assets			
Property, plant and equipment	4	5,384.54	5,551.51
Capital work-in-progress	4.6	658.69	25.63
Goodwill	4	518.13	459.92
Other intangible assets	4	62.54	72.51
Intangible assets under development	4.7	431.74	286.21
Goodwill on consolidation		147.67	147.67
Financial assets			
(i) Investments-Others	5	0.05	0.05
(ii) Loans	6	-	2.72
(iii) Other non-current financial assets	7	62.04	71.06
Income tax assets (net)		178.35	175.37
Other non-current assets	8	388.47	404.21
		7,832.22	**7,196.84**
II. Current assets			
Inventories	9	4,254.38	3,812.36
Financial assets			
(i) Trade receivables	10	4,526.19	4,224.04
(ii) Cash and cash equivalents	11	388.08	192.30
(iii) Bank balances other than (ii) above	11	32.25	38.00
(iv) Loans	12	9.65	-
(v) Other current financial assets	13	673.56	659.36
Other current assets	14	285.86	295.95
		10,169.97	**9,222.01**
TOTAL ASSETS		**18,002.19**	**16,418.85**
EQUITY AND LIABILITIES			
III. Equity			
Equity share capital	15	1,727.00	1,727.00
Other equity		2,954.52	2,197.44
TOTAL EQUITY		**4,681.52**	**3,924.44**
LIABILITIES			
IV. Non-current liabilities			
Financial liabilities			
Borrowings	17	3,022.08	3,533.84
Provisions	18	74.37	38.98
Deferred tax liabilities (net)	19.5	460.86	472.60
		3,557.31	**4,045.42**
V. Government grant pending appropriation to profit & loss		**214.00**	**214.00**
VI. Current liabilities			
Financial liabilities			
(i) Borrowings	20	5,524.01	4,823.17
(ii) Trade payable	21		
- Due to micro and small enterprises		35.73	0.50
- Due other than to micro and small enterprises		1,745.82	1,574.90
(iii) Other current financial liabilities	22	1,940.17	1,594.28
Other current liabilities	23	42.12	41.63
Provisions	24	201.97	170.44
Current tax liabilities (net)		59.54	30.07
		9,549.36	**8,234.99**
TOTAL LIABILITIES		**13,320.67**	**12,494.41**
TOTAL EQUITY & LIABILITIES		**18,002.19**	**16,418.85**
Significant accounting policies & other notes	1 to 53		

Notes referred to herein above form an integral part of standalone financial statements.
As per our report of even date

For N. A. Shah Associates LLP
Chartered Accountants
Firm Registration No.116560W/W100149

Milan Mody
Partner
Membership No. 103286

Place: Mumbai
Date: 15th May, 2019

For and on behalf of the Board of Directors of Pradeep Metals Limited

Pradeep Goyal
Chairman and Managing Director
DIN: 00008370

Neeru P. Goyal
Director
DIN: 05017190

Nivedita Nayak
Company Secretary(Membership No. F8479)

Kavita Choubisa Ojha
Chief Financial Officer

Consolidated Statement of Profit and Loss for the year ended 31st March 2019

(Rupees in lakhs)

Particulars	Note No.	Year Ended 31st March 2019	Year Ended 31st March 2018
INCOME			
Revenue from operations	25	19,144.89	16,292.71
Other income	26	106.58	244.95
Total Income		**19,251.47**	**16,537.66**
EXPENSES			
Cost of material consumed	27	8,171.50	6,662.85
Changes in inventories of work-in-progress, finished goods and scrap	28	(185.17)	(205.60)
Excise Duty (Upto June 2017)		-	91.26
Manufacturing expenses	29	4,011.61	3,784.88
Employee benefit expenses	30	2,675.01	2,555.02
Finance costs	31	820.76	720.69
Depreciation and amortization expense	4.2	625.84	582.42
Other expenses	32	1,713.97	1,539.90
Total Expenses		**17,833.52**	**15,731.42**
Profit / (loss) before tax		1,417.95	806.24
Tax expense:			
- Current tax	19	490.47	423.35
- Deferred tax charge / (credit)		1.65	(79.49)
- Income tax, deferred tax and MAT credit of earlier years (net)		(7.73)	9.46
		484.39	**353.32**
Net Profit / (Loss) for the year (A)		**933.56**	**452.92**
Other Comprehensive Income			
(i) Items that will not be reclassified to profit or loss			
- Remeasurement gain/(losses) on defined benefit plans		(38.58)	(11.73)
(ii) Income tax relating to items that will not be reclassified to profit or loss	19.2	11.13	3.76
Total (1)		**(27.45)**	**(7.97)**
(i) Items that will be reclassified to profit or loss			
- Exchange gain/(loss) on translation of foreign operations (net)		(123.10)	69.71
(ii) Income tax relating to items that will be reclassified to profit or loss		-	-
Total (2)		(123.10)	69.71
Other Comprehensive Income (1+2) (B)		**(150.55)**	**61.74**
Total Comprehensive Income (A+B)		**783.01**	**514.66**
Total comprehensive income for the year attributable to:			
Equityholders of parent		783.01	514.66
Non-controlling interests		-	-
Profit/ (Loss) for the year attributable to:			
Equityholders of parent		933.56	452.92
Non-controlling interests		-	-
Other comprehensive income for the year attributable to:			
Equityholders of parent		(150.55)	61.74
Non-controlling interests		-	-
Earnings per equity share			
(a) Basic (Face value of Rs. 10 each)	34	5.41	2.62
(b) Diluted (Face value of Rs. 10 each)		5.41	2.62
Significant accounting policies & other notes	1 to 53		

Notes referred to herein above form an integral part of standalone financial statements.
As per our report of even date

For N. A. Shah Associates LLP
Chartered Accountants
Firm Registration No.116560W/W100149

Milan Mody
Partner
Membership No. 103286

Place: Mumbai
Date: 15th May, 2019

For and on behalf of the Board of Directors of
Pradeep Metals Limited

Pradeep Goyal
Chairman and Managing Director
DIN: 00008370

Neeru P. Goyal
Director
DIN: 05017190

Nivedita Nayak
Company Secretary(Membership No. F8479)

Kavita Choubisa Ojha
Chief Financial Officer

Consolidated Cash Flow Statement for the year ended 31st March 2019

(Rupees in lakhs)

Particulars	Note	2018 - 2019 Rupees	2018 - 2019 Rupees	2017 - 2018 Rupees	2017 - 2018 Rupees
A. CASH FLOW FROM OPERATING ACTIVITIES					
Net profit/(loss) before taxation			1,417.95		806.24
Adjustments for:					
Depreciation and amortization		625.84		582.42	
Provision for doubtful debts/ other current assets utilised (net)		(0.50)		(5.67)	
Provision for contingency written back		(1.74)		(0.03)	
Unrealised foreign exchange (gain)/loss (net)		64.76		(71.73)	
Provision for doubtful advances		1.36		-	
(Profit)/loss on sale of fixed asset (net)		(12.12)		13.55	
Interest expenses		820.76		720.69	
Interest income		(15.69)	1,482.67	(20.08)	1,219.15
Operating profit before changes in assets and liabilities			**2,900.62**		**2,025.39**
Movements in working capital : [Current and Non-current]					
(Increase) / decrease in loans and advances and other current assets		(120.06)		94.61	
(Increase) / decrease in inventories		(467.94)		(387.15)	
(Increase) / decrease in trade receivable		(296.74)		250.49	
Increase / (decrease) in trade payable, other current liabilities and provisions		332.77	(551.97)	(255.15)	(297.20)
			2,348.65		**1,728.19**
Less: Adjustments due to revision in books of account of WOS and SDS. [Also refer note 16.1(a)]			-		(83.83)
			2,348.65		**1,644.36**
Adjustment for:					
Direct taxes paid [including tax deducted at source](net of refund)			(461.40)		(281.75)
Net cash generated/ (used in) from operating activities...(A)			**1,887.25**		**1,362.61**
B. CASH FLOW FROM INVESTING ACTIVITIES					
Purchase of fixed assets (tangible / intangible) (Including capital advances)		(1,412.24)		(341.52)	
Sale of fixed asset		216.04		0.05	
(Increase)/decrease in other bank balances and non-current assets [Other than cash and cash equivalent]		5.76		(0.39)	
Interest received		15.69		20.08	
		(1,174.75)		**(321.78)**	
Adjustment for:					
Direct taxes paid [including tax deducted at source]		0.36		0.07	
Net cash generated / (used in) from investing activities...(B)			**(1,175.11)**		**(321.85)**
C. CASH FLOW FROM FINANCING ACTIVITIES					
Proceeds from long term borrowing		532.19		1,794.64	
Repayment of long term borrowing		(942.13)		(720.24)	
Repayment towards finance lease obligations		(21.58)		-	
Increase/(decrease) in working capital loan (Net)		699.14		(1,169.65)	
Net adjustments on account of settlement with Non-controlling interest		-		(354.71)	
Calls in arrears received		-		0.74	
Interest paid on loans		(783.99)		(774.74)	
Net cash generated / (used) from financing activities...(C)			**(516.37)**		**(1,223.96)**
Net increase / (decrease) in cash and cash equivalents...(A + B + C)			**195.77**		**(183.20)**
Cash and cash equivalents at the beginning of the year	11 & 48	192.30		375.50	
Cash and cash equivalents at the end of the year		388.08		192.30	
Net increase / (decrease) in cash and cash equivalents		**195.77**		**(183.20)**	
Significant accounting policies & other notes	1 to 53				

Notes referred to herein above form an integral part of standalone financial statements.
As per our report of even date

For N. A. Shah Associates LLP
Chartered Accountants
Firm Registration No.116560W/W100149

For and on behalf of the Board of Directors of Pradeep Metals Limited

Milan Mody
Partner
Membership No. 103286

Pradeep Goyal
Chairman and Managing Director
DIN: 00008370

Neeru P. Goyal
Director
DIN: 05017190

Place: Mumbai
Date: 15th May, 2019

Nivedita Nayak
Company Secretary(Membership No. F8479)

Kavita Choubisa Ojha
Chief Financial Officer

Consolidated Statement of changes in equity for the year ended 31st March 2019

(Rupees in lakhs)

Particulars	Attributable to Owners								Non controlling interest (E) (refer note 16)	Total (A+D+E)
	Equity share capital (A)	Reserves and surplus (B)				Other Comprehensive Income (C)		Total Other Equity (D) (B+C)		
		Security Premium (refer note 16)	Capital Reserve	General reserves	Retained earnings	Foreign currency translation reserve	Defined benefit obligation			
Balance at 1st April 2017	1,726.26	515.98	13.94	211.60	1,309.43	44.87	(24.31)	2,071.51	91.11	**3,888.88**
Calls in arrears received	0.74	-	-	-	-	-	-	-	-	0.74
Profit for the year	-	-	-	-	452.92	-	-	452.92	-	452.92
Remeasurements gains/(loss) on defined benefit plan	-	-	-	-	-	-	(7.97)	(7.97)	-	(7.97)
Exchange differences on translation of foreign operations	-	-	-	-	-	69.71	-	69.71	-	69.71
Increase in profit on account of revision in statement of profit & loss of WOS & SDS [Refer note 16.1(a)]	-	-	-	-	207.12	-	-	207.12	-	207.12
Reduction in profit on account of recomputation of allocation of loss to non-controlling interest and losses post acquisition of 49% share [Refer note 16.1(a)]	-	-	-	-	(290.95)	-	-	(290.95)	-	(290.95)
Net impact of amortisation of goodwill	-	-	-	-	(55.72)	-	-	(55.72)	-	(55.72)
Consolidation adjustment on account of elimination of unrealised profit in opening inventory	-	-	-	-	14.40	-	-	14.40	-	14.40
Loss on acquistion of 49% stake from partner of SDS [Refer note 16.1(b)]	-	-	-	-	(263.59)	-	-	(263.59)	-	(263.59)
Net amount based on the settlement with NCI (SDS)	-	-	-	-	-	-	-	-	(91.11)	(91.11)
Transaction with owners in their capacity as owners										
Equity dividend	-	-	-	-	-	-	-	-	-	-
Tax on equity dividend	-	-	-	-	-	-	-	-	-	-
Interim equity dividend	-	-	-	-	-	-	-	-	-	-
Tax on interim equity dividend	-	-	-	-	-	-	-	-	-	-
Balance as at 31st March 2018	**1,727.00**	**515.98**	**13.94**	**211.60**	**1,373.61**	**114.58**	**(32.28)**	**2,197.43**	**-**	**3,924.43**
Balance at 1st April 2018	1,727.00	515.98	13.94	211.60	1,373.61	114.58	(32.28)	2,197.43	-	3,924.43
Profit for the year	-	-	-	-	933.56	-	-	933.56	-	933.56
Remeasurements gains/(loss) on defined benefit plan	-	-	-	-	-	-	(27.45)	(27.45)	-	(27.45)
Exchange differences on translation of foreign operations	-	-	-	-	-	(123.10)	-	(123.10)	-	(123.10)
Consolidation adjustment on account of elimination of unrealised profit in opening inventory	-	-	-	-	(25.92)	-	-	(25.92)	-	(25.92)
Transaction with owners in their capacity as owners										
Equity dividend	-	-	-	-	-	-	-	-	-	-
Tax on equity dividend	-	-	-	-	-	-	-	-	-	-
Interim equity dividend	-	-	-	-	-	-	-	-	-	-
Tax on interim equity dividend	-	-	-	-	-	-	-	-	-	-
Balance as at 31st March 2019	**1,727.00**	**515.98**	**13.94**	**211.60**	**2,281.25**	**(8.53)**	**(59.73)**	**2,954.52**	**-**	**4,681.52**
Significant accounting policies & other notes	1 to 53									

Notes referred to herein above form an integral part of standalone financial statements.
As per our report of even date

For N. A. Shah Associates LLP
Chartered Accountants
Firm Registration No.116560W/W100149

Milan Mody
Partner
Membership No. 103286

Place: Mumbai
Date: 15th May, 2019

For and on behalf of the Board of Directors of
Pradeep Metals Limited

Pradeep Goyal
Chairman and Managing Director
DIN: 00008370

Neeru P. Goyal
Director
DIN: 05017190

Nivedita Nayak
Company Secretary(Membership No. F8479)

Kavita Choubisa Ojha
Chief Financial Officer

Notes on Consolidated Ind AS financial statements for the year ended 31st March 2019

1. Background

Pradeep Metals Limited (hereinafter referred to as 'the Parent Company', 'the Company' or 'Holding Company') is a public Company incorporated in India. The Company's shares are listed on Bombay Stock Exchange in India. Holding company together with its Wholly Owned Subsidiary ('WOS') and Step down Subsidiary ('SDS') ('WOS and SDS are referred to as subsidiaries') is referred to as "the Group". The Group is engaged in the manufacturing and selling of forged and machined components for various sectors. The Group caters to both domestic and international markets.

2. Basis of preparation

2.1. Statement of compliance with Ind AS

The consolidated financial statements of the Group have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of Companies Act, 2013 ('the Act') read with the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules issued thereafter.

The unaudited financial statements / financial information of WOS and SDS are certified by the Holding Company's management and have been prepared by the Holding Company in accordance with Ind AS.

The Group has consistently applied the accounting policies used in the preparation of its consolidated financial statements except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

2.2. Principles of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31st March, 2019. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

a. Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of theinvestee)

b. Exposure, or rights, to variable returns from its involvement with the investee, and

c. The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

a. The contractual arrangement with the other vote holders of the investee

b. Rights arising from other contractual arrangements

c. The Group's voting rights and potential voting rights

d. The size of the Group's holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the Group uses accounting policies other than those adoptedin the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that Group member's financial statements in preparing the consolidated financial statements to ensure conformity with the Group's accounting policies.

The subsidiaries considered in consolidated financial statements and its country of incorporation is as tabulated below:

Sr. No.	Name of the entity	Country of incorporation	Proportion of interest (including beneficial interest) / voting power (either directly / indirectly through subsidiary)	
			As at 31st March 2019	As at 31st March 2018
(A)	**Wholly Owned Subsidiary company [WOS]**			
1.	Pradeep Metals Limited Inc.	USA	100%	100%
(B)	**Step Down Subsidiary [SDS]**			
1.	Dimensional Machine Works, LLC	USA	100%	100%

Consolidation Procedure

(a) Combine like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the consolidated financial statements at the acquisition date.

(b) Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary. Ind AS 103 - Business combinations explains how to account for any related goodwill.

(c) Eliminate in full intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Group (profits or losses resulting from intragroup transactions that are recognised in assets, such as inventory and fixed assets, are eliminated in full). Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Ind AS12 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.

(d) Consolidated Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders ofthe parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

(e) A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

i. Derecognises the assets (including goodwill) and liabilities of the subsidiary

ii. Derecognises the carrying amount of any non-controlling interests

iii. Derecognises the cumulative translation differences recorded in equity

iv. Recognises the fair value of the consideration received

v. Recognises the fair value of any investment retained

vi. Recognises any surplus or deficit in the consolidated statement of profit and loss

vii. Reclassifies the parent's share of components previously recognised in OCI to the consolidated statement of profit and loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities

2.3. Functional and presentation currency

The consolidated financial statements are prepared in Indian Rupees which is also the Holding Company's functional currency. All amounts are rounded to the nearest rupees in lakhs.

2.4. Fair value measurement

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. A fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal market or the most advantageous market must be accessible to the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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

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

Level 1 – Unadjusted quoted price in active markets for identical assets and liabilities.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3 – unobservable inputs for the asset or liability

For assets and liabilities that are recognised in the consolidated financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of fair value hierarchy.

Fair values have been determined for measurement and / or disclosure purpose using methods as prescribed in "Ind AS 113 Fair Value Measurement".

2.5. Use of significant accounting estimates, judgements and assumptions

The preparation of these consolidated financial statements in conformity with the recognition and measurement principles of Ind AS requires management to make estimates and assumptions that affect the reported balances of assets and liabilities, disclosure of contingent liabilities as on the date of consolidated financial statements and reported amounts of income and expenses for the periods presented. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and future periods are affected.

Key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. Significant estimates and critical judgement in applying these accounting policies are described below:

i) Property, plant & equipment and Intangible assets

The Group has estimated the useful life, residual value and method of depreciation / amortisation of property, plant & equipment and intangible assets based on its internal technical assessment. Property, plant & equipment and intangible assets represent a significant proportion of the asset base of the Group. Further, the Group has estimated that scrap value of property, plant & equipment would be able to cover the residual value & decommissioning costs of property, plant & equipment.

Therefore, the estimates and assumptions made to determine useful life, residual value, method of depreciation / amortisation and decommissioning costs are critical to the Group's financial position and performance.

ii) Impairment of non-financial assets

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

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations involves use of significant estimates and assumptions which includes turnover and earnings multiples, growth rates and net margins used to calculate projected future cash flows, risk-adjusted discount rate, future economic and market conditions.

iii) Impairment of financial assets

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

iv) Contingencies

Management judgement is required for estimating the possible outflow of resources, if any, in respect of contingencies / claim / litigations against the Group as it is not possible to predict the outcome of pending matters with accuracy.

v) Income taxes

Provision for tax liabilities require judgements on the interpretation of tax legislation, developments in case law and the potential outcomes of tax audits and appeals which may be subject to significant uncertainty. Therefore the actual results may vary from expectations resulting in adjustments to provisions, the valuation of deferred tax assets, cash tax settlements and therefore the tax charge in the consolidated statement of profit and loss.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which such deferred tax assets can be utilized. Currently, the Group has recognised the deferred tax on unused tax losses / unused tax credits only to the extent of the corresponding deferred tax liability. Any increase in probability of future taxable profit will result into recognition of unrecognised deferred tax assets.

vi) Measurement of defined benefit plan & other long term benefits

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

3. Significant Accounting Policies

3.1. Presentation and disclosure of consolidated financial statement

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

An asset is treated as current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting period, or

- Cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

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

The Group classifies all other liabilities as non-current.

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

3.2. Business Combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair valueor at the proportionate share of the acquiree's identifiable net assets. Acquisition related costs are expensedas incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their acquisition date fair values. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition fair values irrespective of the fact that outflow of resources embodying economic benefits is not probable.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of Ind AS 109 Financial Instruments, is measured at fair value with changes in fair value recognised in the consolidated statement of profit and loss. If the contingent consideration is not within the scope of Ind AS 109, it is measured in accordance with the appropriate Ind AS. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and subsequent its settlement is accounted for within equity. Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group reassesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in OCI and accumulated in equity as capital reserve. However, if there is no clear evidence of bargain purchase, the entity recognises the gain directly in equity as capital reserve, without routing the same through OCI.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated toeach of the Group's cash-generating units that are expected to benefit from the combination, irrespective ofwhether other assets or liabilities of the acquiree are assigned to those units.

A cash generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised in the consolidated statement ofprofit and loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unitretained.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted through goodwill during the measurement period, oradditional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date.These adjustments are called as measurement period adjustments. The measurement period does not exceed one year from the acquisition date.

3.3. Property, Plant and Equipment and Depreciation

Recognition and measurement

Properties, plant and equipment are stated at their cost of acquisition. Cost of an item of property, plant and equipment includes purchase price including non-refundable taxes and duties, borrowing cost directly attributable to the qualifying asset, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and the present value of the expected cost for the dismantling/decommissioning of the asset.

Parts (major components) of an item of property, plant and equipment having different useful lives are accounted as separate items of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group. All other repair and maintenance costs are recognised in consolidated statement of profit and loss as incurred.

Capital work-in-progress comprises of cost incurred on property, plant and equipment under construction / acquisition that are not yet ready for their intended use at the Balance Sheet date.

Depreciation and useful lives

Depreciation on the property, plant and equipment (other than freehold land and capital work in progress) is provided on a straight-line method (SLM) over their useful lives which is in consonance of useful life mentioned in Schedule II to the Companies Act, 2013, except for the plant and machinery as per the table given below, for which on the basis of internal technical assessment made by the management, the depreciation has been provided considering the useful life of the plant.

The assets which have useful life different than as prescribed under Part C of Schedule II of the Companies Act, 2013 are as follows:

Particulars	Useful life
Machinery for heavy production/press/cranes etc.	15 Years
Dies	10 Years
R&D equipment (Microwave)	2 Years
Other machineries	8 Years
Second hand CNC machines	10 Years
Individual assets whose cost does not exceed five thousand rupees	Nil Depreciated fully in the year of capitalisation

The useful lives of the property, plant and equipment not covered in table above and are in accordance with schedule II are as follows:

Particulars	Useful life
Factory Building on leasehold land (period lower than the lease period)	30 Years
Electrical Installation	10 Years
Office Equipment	5 Years
Computers	3 Years
Furniture & fittings	10 Years
Motor Vehicles	8 Years
Windmill	22 Years

The assets of WOS and SDS are depreciated considering the following useful life:

Particulars	Useful life
Plant & Machinery	7 – 10 Years
Furniture and Fixtures	5 – 7 Years
Vehicles	5 Years
Leasehold improvements	3 Years
Computers	7 Years

Building on leasehold lands and improvements to building on leasehold land / premises are amortized over the period of lease or useful life whichever is lower.

Depreciation methods, useful lives and residual values are reviewed at each financial year end and adjusted prospectively.

De-recognition

An item of property, plant and equipment and any significant part initially recognised is de-recognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of profit and loss when the asset is de-recognised.

3.4. Intangible assets and amortisation

Recognition and measurement

Intangible assets are recognised only if it is probable that the future economic benefits attributable to asset will flow to the Group and the cost of asset can be measured reliably. Intangible assets are stated at cost of acquisition/development less accumulated amortization and accumulated impairment loss if any.

Cost of an intangible asset includes purchase price including non - refundable taxes and duties, borrowing cost directly attributable to the qualifying asset and any directly attributable expenditure on making the asset ready for its intended use.

Intangible assets under development comprises of cost incurred on intangible assets under development that are not yet ready for their intended use as at the Balance Sheet date.

Amortization and useful lives

Intangible Asset	Estimated useful life
(a) ERP Software	10 Years
(b) Other Software	3 Years
(c) Computer Software [SDS]	5 Years

In case of assets purchased during the year, amortization on such assets is calculated on pro-rata basis from the date of such addition.

3.5. Research and development costs

Research costs are expensed as incurred. Development expenditures are recognised as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability and intention to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset
- The ability to measure reliably the expenditure during development

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation expense is recognised in the consolidated statement of profit and loss unless such expenditure forms part of carrying value of another asset.

3.6. Inventories

Raw materials and components, packing materials, consumables, stores and spares are valued at lower of cost and net realisable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost.The Cost comprises of costs of purchase, duties and taxes (other than those subsequently recoverable) and other costs incurred in bringing them to their present location and condition. Cost for raw material is determined on specific identification basis and other materials & consumables on weighted average method.

Work-in-progress & finished goods is valued at lower of cost and net realizable value. Cost includes direct materials valued on weighted average basis and costs of conversion which include costs directly related to the units of production and systematic allocation of fixed and variable production overheads. Net realizable value is the estimated selling price in the ordinary course of business less estimated costs of completion and estimated costs necessary to make the sale.

Dies are valued at cost or net realizable value whichever is less. Cost includes material cost and labour cost. Costs are determined on specific identification basis.

Scrap is valued at net realisable value.

3.7. Revenue recognition

Effective 1st April, 2018, the Group has adopted Ind AS 115, 'Revenue from Contracts with Customers'. Adoption of this standard does not have any impact on any sale recognition prior to effective date of this standard. Accordingly, the policy for Revenue as presented in the consolidated financial statements are as under:

- Revenue from operation
  - ❖ The Group recognises revenue when the amount can be reliably measured, to the extent it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below. Amounts disclosed as revenue are exclusive of excise duty (wherever applicable) and net of VAT, Service Tax (wherever applicable) and Goods and Service Tax (GST), discounts and other rebates etc.
  - ❖ Sale of goods is recognised upon transfer of control of promised products to customers in an amount that reflects the consideration we expect to receive in exchange for those products are recorded at the fair value of the consideration received or receivable, net of returns and allowances, trade, volume & other discounts.

    Accumulated experience is used to estimate and provide for turnover discounts, expected cash discounts, other eligible discounts, expected returns and incentives. No element of financing is deemed present as the sales are made with normal credit terms.

- Revenue from export sales are recognised upon transfer of control of promised products to customers usually on the basis of dates of shipping bills or bill of lading depending on the shipment terms.
- Sale of services is recognised upon rendering of services and revenue from fixed price, fixed time frame contracts, where the performance obligations are satisfied over time and where there is no uncertainty as to measurement or collectability of consideration, is recognised over the period of contract on pro-rata basis.
- Revenue from sales of electricity is recognised when all the significant risks and rewards of ownership have been passed to the buyer, usually on transmission of electricity based on the data provided by the electricity department.
- Export incentives / benefits are recognised as income in Consolidated Statement of Profit and Loss on export of goods based on fulfilling specified criteria's and also reasonable certainty of utilizing the benefit by import of goods/sale of license in open market.
- Revenues from die design and preparation charges are recognised as per the terms of the contract as and when services are rendered.

- Other income
  - Income from guarantee commission is recognised as a percentage of guarantee given on annual basis.
  - Dividend income is recognised when the Group's right to receive the payment is established, which is generally when shareholders/board of directors approve the dividend as applicable.
  - Interest income is recognised on time proportion basis taking into account the amount outstanding and rate applicable.

3.8. Government grants

Government grants are recognised in the period to which they relate when there is reasonable assurance that the grant will be received and that the Group will comply with the attached conditions. When the grant or subsidy relates to revenue, it is recognized as income on a systematic basis in the consolidated statement of profit and loss over the periods necessary to match them with the related costs, which they are intended to compensate. Where the grant relates to an asset, it is recognised as deferred income and is allocated to consolidated statement of profit and loss over the periods and in the proportions in which depreciation on those assets is charged.

3.9. Foreign currency transaction

- Transactions denominated in foreign currencies are recorded at the exchange rates prevailing on the date of the transaction. As at the Balance Sheet date, foreign currency monetary items are translated at closing exchange rate. Exchange difference arising on settlement or translation of foreign currency monetary items is recognised as income or expense in the year in which they arise.
- Foreign currency non-monetary items which are carried at historical cost are reported using the exchange rate at the date of transactions. Foreign currency non-monetary items which are measured at fair value are reported using the exchange rate at the date when the fair value is determined. Exchange difference arising on fair valuation of non-monetary items is recognised in line with the gain or loss of item that give rise to such exchange difference (i.e. translation differences on items whose gain or loss is recognised in consolidated statement of profit and loss or other comprehensive income is also recognised in consolidated statement of profit or loss or other comprehensive income respectively).
- Effective 1st April 2018, the Group has adopted Appendix B to Ind AS 21, Foreign Currency Transactions and Advance Consideration which clarifies that the date of transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income when an entity has received or paid advance consideration in foreign currency. The effect on account of adoption of this amendment was insignificant.
- Translation of foreign operations

  Financial statements of foreign operations are translated as under:

a. Assets and Liabilities at the rate prevailing at the end of the year. Depreciation is accounted at the average rate prevailing during the year.

b. Revenue and expenses at average rates prevailing during the year. Off Balance Sheet items are translated into Indian Rupees at year-end rates.

c. Exchange differences arising on translation are accumulated in the Foreign Currency Translation Reserve until the disposal of such operations.

3.10. Employee benefits

- Short term employee benefits

  All employee benefits falling due wholly within twelve months of rendering the service are classified as short term employee benefits and they are recognised as an expense at the undiscounted amount in the consolidated statement of profit and loss in the period in which the employee renders the related service.

- Post-employment benefits& other long term benefits

  a. Defined contribution plan

  The defined contribution plan is a post-employment benefit plan under which the Holding company contributes fixed contribution to a Government Administered Fund and will have no obligation to pay further contribution. The Holding Company's defined contribution plan comprises of Provident Fund, Labour Welfare Fund and Employee State Insurance Scheme. The Holding Company's contribution to defined contribution plans are recognised in the consolidated statement of profit and loss in the period in which the employee renders the related service.

  b. Post-employment benefitand other long term benefits

  The Holding Company has defined benefit plans comprising of gratuity and other long term benefits in the form of leave benefits and long service rewards. Holding Company's obligation towards gratuity liability is funded plan and is managed by Life Insurance Corporation of India (LIC). The present value of the defined benefit obligations and certain other long term employee benefits [privilege leave and sick leave] is determined based on actuarial valuation using the projected unit credit method. The rate used to discount defined benefit obligation is determined by reference to market yields at the Balance Sheet date on Indian Government Bonds for the estimated term of obligations. Provision for casual leave is made on arithmetic basis.

  For gratuity plan, re-measurements comprising of (a) actuarial gains and losses, (b) the effect of the asset ceiling (excluding amounts included in net interest on the net defined benefit liability) and (c) the return on plan assets (excluding amounts included in net interest on the post-employment benefits liability) are recognized immediately in the balance sheet with a corresponding debit or credit to retained earnings through other comprehensive income in the period in which they occur. Such re-measurements are not reclassified to consolidated statement of profit and loss in subsequent periods.

  The expected return on plan assets is the Holding Company's expectation of average long-term rate of return on the investment of the fund over the entire life of the related obligation. Plan assets are measured at fair value as at the Balance Sheet date.

  The interest cost on defined benefit obligation and expected return on plan assets is recognised under finance cost.

  Gains or losses on the curtailment or settlement of defined benefit plan are recognised when the curtailment or settlement occurs.

  Actuarial gains or losses arising on account of experience adjustment and the effect of changes in actuarial assumptions for other employee benefit plan [other than gratuity] are recognised immediately in the consolidated statement of profit and loss as income or expense.

3.11. Borrowing cost

Borrowing costs (net of interest income on temporary investments) that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of the respective asset till such time the asset is ready for its intended use or sale. A qualifying asset is an asset which necessarily takes a substantial period of time to get ready for its intended use or sale.

Ancillary cost of borrowings in respect of loans not disbursed are carried forward and accounted as borrowing cost in the year of disbursement of loan. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest expenses calculated as per effective interest method, exchange difference arising from foreign currency borrowings to the extent they are treated as an adjustment to the borrowing cost and other costs that an entity incurs in connection with the borrowing of funds.

3.12. Leases

The Group determines whether an arrangement contains a lease by assessing whether the fulfillment of a transaction is dependent on the use of a specific asset and whether the transaction conveys the right to use that asset to the Group in return for payment. Where this occurs, the arrangement is deemed to include a lease and is accounted for either as finance or operating lease. Leases are classified as finance leases where the terms of the lease transfers substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Operating lease - Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased assets are classified as operating leases. Operating lease payments are recognised as an expense in the consolidated statement of profit and loss on a straight-line basis over the lease term except where scheduled increase in rent compensates the Group with expected inflationary costs.

Finance lease - Finance leases are capitalised at the commencement of lease, at the lower of the fair value of the property or the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in the consolidated statement of profit and loss over the period of the lease.

Leasehold land considered as finance lease (grouped under non-current assets) is amortized over the period of lease.

3.13. Taxes on income

Tax expenses for the year comprises of current tax, deferred tax charge or credit and adjustments of taxes for earlier years. In respect of amounts adjusted outside consolidated profit or loss (i.e. in other comprehensive income or equity), the corresponding tax effect, if any, is also adjusted outside consolidated profit or loss.

Provision for current tax is made as per the provisions of governing tax laws. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where applicable.

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognised for all taxable temporary differences, and deferred tax assets are recognised for all deductible temporary differences, carry forward tax losses and allowances to the extent that it is probable that future taxable profits will be available against which those deductible temporary differences, carry forward tax losses and allowances can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. 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 taxation authority.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which such deferred tax assets can be utilized. In situations where the Group has unused tax losses and unused tax credits, deferred tax assets are recognised only if it is probable that they can be utilized against future taxable profits. Deferred tax assets are reviewed for the appropriateness of their respective carrying amounts at each Balance Sheet date.

At each reporting date, the Group re-assesses unrecognised deferred tax assets. It recognises previously unrecognised deferred tax assets to the extent that it has become probable that future taxable profit allow deferred tax assets to be recovered.

3.14. Cash and cash equivalent

Cash and cash equivalents include cash in hand, bank balances, deposits with banks (other than on lien) and all short term and highly liquid investments that are readily convertible into known amounts of cash and are subject to an insignificant risk of changes in value.

For the purpose of cash flow statement, cash and cash equivalent as calculated above also includes outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

3.15. Cashflow statement

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

3.16. Provisions, contingent liabilities, contingent assets

A provision is recognised when the Group has a present obligation (legal or constructive) as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. If the effect of time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risk specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not require an outflow of resources. When there is a possible obligation or a present obligation in respect of which likelihood of outflow of resources is remote, no provision or disclosure is made.

The Group does not recognise a contingent asset but discloses its existence in the consolidated financial statements if the inflow of economic benefits is probable. However, when the realisation of income is virtually certain, then the related asset is no longer a contingent asset, but it is recognised as an asset.

Provisions, contingent liabilities, contingent assets and commitments are reviewed at each balance sheet date.

3.17. Earnings per share

Basic earnings per share is computed using the consolidated net profit for the year attributable to the shareholders' and weighted average number of shares outstanding during the year. The weighted average numbers of shares also includes fixed number of equity shares that are issuable on conversion of compulsorily convertible preference shares, debentures or any other instrument, from the date consideration is receivable (generally the date of their issue) of such instruments.

Diluted earnings per share is computed using the consolidated net profit for the year attributable to the shareholders' and weighted average number of equity and potential equity shares outstanding during the year including share options, convertible preference shares and debentures, except where the result would be anti-dilutive.

3.18. Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and financial liabilities are 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 consolidated profit or loss) 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 consolidated profit or loss are recognised immediately in consolidated statement of profit or loss.

3.18.1.Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost (except for debt instruments that are designated as at fair value through consolidated profit or loss on initial recognition):

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

All other financial assets are subsequently measured at fair value.

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 period. 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 period, to the gross 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 recognised in consolidated statement of profit or loss and is included in the "Other income" line item.

Investments in equity instruments at FVTOCI

On initial recognition, the Group makes an irrevocable election (on an instrument-by-instrument basis) to present the subsequent changes in fair value in other comprehensive income pertaining to investments in equity instruments. This election is not applicable if the equity investment is held for trading. These elected investments are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the 'Reserve for equity instruments through other comprehensive income'. The cumulative gain or loss is not reclassified to consolidated profit or loss on disposal of the investments.

A financial asset is held for trading if:

- It has been acquired principally for the purpose of selling it in the near term; or
- On initial recognition it is part of a portfolio of identified financial instruments that the Group 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 or a financial guarantee. Dividends on these investments in equity instruments are recognised in consolidated statement of profit or loss when the Group's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend 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. Dividends recognised in consolidated profit or loss are included in the 'Other income' line item.

Financial assets at fair value through profit or loss (FVTPL)

Investments in equity instruments are classified as at FVTPL, unless the Group irrevocably elects on initial recognition to present subsequent changes in fair value in other comprehensive income for investments in equity instruments which are not held for trading.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on re-measurement recognised in consolidated statement profit or loss. The net gain or loss recognised in consolidated statement of profit or 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 recognised when the Group's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend 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.

Impairment of financial assets

The Group recognises loss allowances using the expected credit loss (ECL) model based on 'simplified approach' for the financial assets which are not fair valued through consolidated profit or loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, expected credit losses are measured at an amount equal to the twelve month ECL, unlessthere has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised is recognised as an impairment gain or loss in consolidated statement of profit and loss.

De-recognition of financial asset

The Group de-recognises 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. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On de-recognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in consolidated statement of profit or loss if such gain or loss would have otherwise been recognised in consolidated statement of profit or loss on disposal of that financial asset.

On de-recognition of a financial asset other than in its entirety (e.g. when the Group retains an option to repurchase part of a transferred asset), the Group allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in consolidated statement of profit or loss if such gain or loss would have otherwise been recognised in consolidated statement of profit or loss on disposal of that financial asset. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

3.18.2.Financial liability and equity instrument

Classification as debt or equity

Debt and equity instruments issued by the Group 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.

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 Group are recognised at the proceeds received, net of direct issue costs. Repurchase of the Group's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in consolidated statement of profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

However, financial liabilities that arise when a transfer of a financial asset does not qualify for de-recognition or when the continuing involvement approach applies, financial guarantee contracts issued by the Group, and commitments issued by the Group to provide a loan at below-market interest rate are measured in accordance with the specific accounting policies set out below.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is either contingent consideration recognised by the Group as an acquirer in a business combination to which Ind AS 103 applies or is 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 Group 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 or contingent consideration recognised by the Group as an acquirer in a business combination to which Ind AS 103 applies, 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 Group'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 re-measurement recognised in consolidated statement of profit or loss. The net gain or loss recognised in consolidated statement of profit or loss incorporates any interest paid on the financial liability and is included in the 'Other income' line item.

However, for non-held-for-trading financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in consolidated profit or loss, in which case these effects of changes in credit risk are recognised in consolidated statement of profit or loss. The remaining amount of change in the fair value of liability is always recognised in consolidated statement of profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are reflected immediately in retained earnings and are not subsequently reclassified to consolidated statement of profit or loss.

Gains or losses on financial guarantee contracts and loan commitments issued by the Group that are designated by the Group as at fair value through consolidated profit or loss are recognised in consolidated statement of profit or loss.

Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' line item. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (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 financial liability or (where appropriate) a shorter period, to the gross carrying amount on initial recognition.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by the Group are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of:

- the amount of loss allowance determined in accordance with impairment requirements of Ind AS 109; and
- The amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of Ind AS 18.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

Reclassification

The Group determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The management determines change in the business model as a result of external or internal changes which are significant to the Group's operations. A change in the business model occurs when the Group either begins or ceases to perform an activity that is significant to its operations. If the Group reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Group does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

De-recognition of financial liabilities

The Group de-recognises financial liabilities when, and only when, the Group'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 de-recognised and the consideration paid and payable is recognised in consolidated statement of profit or loss.

3.19. New standards issued / modified effective from 1st April 2019 but not effective as at reporting date

a. Ind AS 116 'Leases'

   MCA has issued Ind AS 116 'Leases' which is effective from 1st April 2019. Ind AS 116 will replace the existing leases standard, Ind AS 17 'Leases'. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both the lessee and the lessor. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognise right to use asset and a corresponding liability for all leases with a term of more than 12 months, unless the underlying asset is of low value. The standard also contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17.

b. Ind AS 12 'Income taxes' [Uncertainty over Income Tax Treatments]

   MCA has issued amendment in Ind AS 12 related to uncertainty over Income Tax Treatments which clarifies the accounting for uncertainties in income taxes. The interpretation is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. It outlines the following:

i. the entity has to use judgement, to determine whether each tax treatment should be considered separately or whether some can be considered together. The decision should be based on the approach which provides better predictions of the resolution of the uncertainty;

ii. the entity is to assume that the taxation authority will have full knowledge of all relevant information while examining any amount;

entity has to consider the probability of the relevant taxation authority accepting the tax treatment and the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates would depend upon the probability.

c. Ind AS 12 'Income taxes'
An entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events.

d. Ind AS 109 'Financial Instrument' [Prepayment Features with Negative Compensation]
Amendments made to Ind AS 109, which amend the existing requirements in Ind AS 109 regarding termination rights in order to allow measurement at amortised cost (or, depending on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments.

e. Ind AS 28 'Long-term Interests in Associates and Joint Ventures'
The amendments clarify that an entity applies Ind AS 109 Financial Instruments, to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied. The Group does not currently have any long-term interests in associates and joint ventures.

f. Ind AS 19 'Employee Benefits'
Amendments to Ind AS 19 to clarify that if a plan amendment, curtailment or settlement occurs, it is mandatory that the current service cost and the net interest for the period after the remeasurement are determined using the assumptions used for the remeasurement. In addition, amendments have been included to clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling.

g. Ind AS 103 'Business Combinations' and Ind AS 111 'Joint Arrangements'
The amendments to Ind AS 103 clarify that when an entity obtains control of a business that is a joint operation, it remeasures previously held interests in that business. The amendments to Ind AS 111 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business. The Group will apply the pronouncement if and when it obtains control / joint control of a business that is a joint operation.

h. Ind AS 23 'Borrowing Costs'
The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings.

The Group is assessing the potential impact of above amendments [except as mentioned otherwise] on the consolidated financial statements. Management presently is of the view that it would not have a material impact on the consolidated financial statements.

Notes on consolidated financial statements for the year ended 31st March 2019

4 Property, plant & equipment and intangible assets

4.1 Property, plant & equipment and intangible assets as at 31st Mar 2019

(Rupees in lakhs)

Particulars	Gross block					Depreciation					Net block
	At 1st April 2018	Additions	Sales / Discard during the year	Foreign Exchange adjustment	At 31st March 2019	At 1st April 2018	For the year	On Sales / Discard	Foreign Exchange adjustment	At 31st March 2019	At 31st March 2019
Property, plant & equipment (Tangible assets)											
Freehold land	56.70	-	-	-	56.70	-	-	-	-	-	56.70
Factory buildings	1,419.69	68.41	-	-	1,488.10	71.50	52.85	-	-	124.35	1,363.76
Plant and machinery	2,658.50	352.88	357.21	57.03	2,711.20	627.55	353.79	170.48	18.53	829.39	1,881.81
Microwave Machinery (R & D)	149.11	-	-	-	149.11	111.83	37.28	-	-	149.11	-
Wind mill	1,234.71	11.50	-	-	1,246.21	110.89	56.31	-	-	167.20	1,079.02
Electrical installation	68.36	19.68	-	-	88.04	17.08	6.36	-	-	23.44	64.60
Office equipment	4.50	2.60	1.66	-	5.44	1.03	1.15	1.58	-	0.60	4.83
Computers	33.66	13.24	2.23	0.08	44.75	7.95	5.08	2.17	-	10.86	33.89
Furniture and fixtures	54.76	13.66	-	0.15	68.57	9.70	6.16	-	0.04	15.90	52.67
Vehicles	130.14	28.08	46.57	2.80	114.45	38.88	24.98	31.05	1.48	34.29	80.16
Dies	919.13	97.04	1.57	-	1,014.60	181.34	98.19	0.04	-	279.49	735.11
Leasehold Improvements		40.05	-	(0.31)	39.74	-	7.79	-	(0.06)	7.73	32.01
Sub-total (A)	**6,729.27**	**647.14**	**409.24**	**59.75**	**7,026.92**	**1,177.75**	**649.94**	**205.32**	**19.99**	**1,642.36**	**5,384.56**
Intangible assets (Other than internally generated)											
Software	91.59	2.88	-	0.43	94.90	19.08	13.20	-	0.09	32.37	62.53
Goodwill on acquisition	459.92	-	-	58.21	518.13	-	-	-	-	-	518.13
Sub-total (B)	**551.51**	**2.88**	**-**	**58.64**	**613.03**	**19.08**	**13.20**	**-**	**0.09**	**32.37**	**580.66**
Total [(A) + (B)]	**7,280.78**	**650.02**	**409.24**	**118.39**	**7,639.95**	**1,196.83**	**663.14**	**205.32**	**20.08**	**1,674.73**	**5,965.22**

4.2 Particulars

Particulars	2018-19	For the year 2017-18
Depreciation as per table 4.1 and 4.3	663.14	665.26
Less: Depreciation allocated to intangible assets under development	37.28	82.84
Net depreciation as per statement of profit & loss	**625.84**	**582.41**

Notes on consolidated financial statements for the year ended 31st March 2019

4.3 Property, plant & equipment and intangible assets as at 31st Mar 2018

(Rupees in lakhs)

Particulars	Gross block						Depreciation / amortization						Net block
	At 1st April 2017	Adjustments	Additions	Sales / Dispose during the year	Foreign Exchange adjustment	At 31st March 2018	At 1st April 2017	Adjustments	For the year	On Sales / Disposal	Foreign Exchange adjustment	At 31st March 2018	At 31st March 2018
Property, plant & equipment (Tangible assets)													
Freehold land	56.70	-	-	-	-	56.70	-	-	-	-	-	-	56.70
Factory buildings	750.10	-	669.59	-	-	1,419.69	30.19	-	41.30	-	-	71.50	1,348.19
Plant and machinery	1,826.95	688.85	215.13	78.74	6.31	2,658.50	233.24	113.44	343.71	65.60	2.77	627.55	2,030.95
Microwave Machinery (R & D)	115.94	-	33.16	-	-	149.11	28.99	-	82.84	-	-	111.83	37.28
Wind mill	1,224.11	-	10.61	-	-	1,234.71	55.25	-	55.63	-	-	110.89	1,123.82
Electrical installation	64.65	-	3.71	-	-	68.36	10.84	-	6.24	-	-	17.08	51.28
Office equipment	2.54	-	2.13	0.18	-	4.50	0.12	(0.10)	1.01	-	-	1.03	3.47
Computers	10.68	-	24.92	2.17	0.24	33.66	2.14	-	7.91	2.13	0.03	7.95	25.71
Furniture and fixtures	41.68	(2.11)	15.19	-	0.01	54.76	4.11	0.27	5.31	-	0.01	9.70	45.06
Vehicles	133.84	1.00	-	4.89	0.20	130.14	22.50	0.62	20.25	4.64	0.16	38.88	91.26
Dies	906.12	-	13.02	-	-	919.13	90.61	-	90.73	-	-	181.34	737.79
Sub-total (A)	**5,133.31**	**687.74**	**987.45**	**85.98**	**6.76**	**6,729.27**	**477.98**	**114.23**	**654.95**	**72.36**	**2.96**	**1,177.75**	**5,551.51**
Intangible assets (Other than internally generated)													
Software	70.41	6.98	14.15	-	0.04	91.59	8.75	-	10.31	-	0.02	19.08	72.51
Goodwill on acquisition	1,277.92	(818.00)	-	-	-	459.92	-	-	-	-	-	-	459.92
Sub-total (B)	**1,348.33**	**(811.02)**	**14.15**	**-**	**0.04**	**551.51**	**8.75**	**-**	**10.31**	**-**	**0.02**	**19.08**	**532.43**
Total [(A) + (B)]	**6,481.64**	**(123.28)**	**1,001.60**	**85.98**	**6.80**	**7,280.77**	**486.73**	**114.23**	**665.26**	**72.36**	**2.98**	**1,196.83**	**6,083.93**

4.4 Particulars

(Rupees in lakhs)

Particulars	2017-18
Depreciation as per table 4.3	665.26
Less: Depreciation allocated to intangible assets under development	82.84
Net depreciation as per statement of profit & loss	**582.42**

4.5 Factory Building is constructed on Leasehold Land (operating lease).

4.6 Movement of capital work in progress (Rupees in lakhs)

Particulars	2018-19			
	P & M	Building	Others	Total
Opening capital work in progress	6.48	19.15	-	**25.63**
Add: Addition during the year	699.37	142.32	12.28	**853.97**
Less: Assets capitalized / reversed during the year	169.37	39.74	11.80	**220.91**
Closing capital work in progress	**536.48**	**121.73**	**0.48**	**658.69**

Particulars	2017-18			
	P & M	Building	Others	Total
Opening capital work in progress	-	587.42	-	**587.42**
Add: Addition during the year	116.34	96.72	-	**213.06**
Less: Assets capitalized / reversed during the year	109.86	664.99	-	**774.85**
Closing capital work in progress	**6.48**	**19.15**	**-**	**25.63**

4.7 Movement of intangible assets under development

(Rupees in lakhs)

Particulars	2018-19	2017-18
Opening intangible under development	286.21	107.15
Add: Additions during the year (Refer note 4.8)	145.53	212.22
Less: Reversed during the year	-	33.16
Less: Intangible capitalized during the year	-	-
Closing capital work in progress	**431.74**	**286.21**

4.8 Details of direct expenses and allocated indirect expenses incurred for intangible assets under development during the financial year 2018-19

(Rupees in lakhs)

Particulars	FY 2018-19	FY 2017-18
Salary & Wages	36.17	50.05
Professional Fees	43.54	29.12
Repairs & Maintenance Expenses	2.26	22.22
Materials, Stores & Spares	12.75	14.72
Other Expenses	13.53	13.27
Depreciation	37.28	82.84
Total	**145.53**	**212.22**

4.9 Details of remaining amortization period and carrying value of intangible assets is as given below:

Description	Carrying amount as at (Rs. in lakhs)		Remaining useful life as at (months)	
	31-Mar-19	31-Mar-18	31-Mar-19	31-Mar-18
Epicore software	44.12	50.45	76	88
Mastercam Mill 3D Purchase	5.49	8.26	21	33
HR Software	3.11	4.62	22	34
Other Softwares	5.43	3.61	11 to 24	11 to 24

4.10 First pari passu charge has been created on fixed assets of the holding company (present and future) in respect of loans taken by the holding company (Refer Note 17.1) and on fixed assets of the holding company (excluding windmill) in respect of foreign currency loan of USD 2.47 million outstanding as on 31st March 2019 (Outstanding as on 31st March 2018 - USD 2.75 Million) taken by Pradeep Metals Limited, Inc. [Wholly Owned Subsidiary (WOS)] in USA from Union Bank of India, Hong Kong. Second charge has been created on fixed assets of the holding company for working capital loan.

4.11 Property, plant and equipment held under lease

In respect of step-down subsidiary, the gross and net carrying amounts of machine and vehicle under finance lease are:

	As at 31st March 2019	As at 31st March 2018
Cost	46.48	-
Accumulated depreciation	6.80	-
Exchange adjustment	(0.31)	-
Net carrying amount	39.37	-

4.12 In the opinion of management, expected growth in the demand of the SDS's products will generate sufficient cash flows to cover the carrying value of the tangible and intangible assets (including goodwill). In view of the above, in the opinion of the management, no provision for impairment loss of assets of SDS is considered necessary.

Notes on consolidated financial statements for the financial year ended 31st March 2019

(Rupees in lakhs)

	As at 31st March 2019	As at 31st March 2018
5 Investments - Others		
Non current Investment		
Unquoted equity instruments (fully paid)		
Equity shares at FVTPL		
TJSB Sahkari Bank Limited	0.05	0.05
100 (Previous year : 100) shares of Rs. 50 each		
Total	**0.05**	**0.05**
5.1 Other disclosures of investment		
Aggregate value of unquoted investment	0.05	0.05
Aggregate amount of impariment in value of investment	-	-
6 Loans (Non-current)(Unsecured, considered good unless otherwise stated)		
Other loans		
Loan to employees	-	2.72
Total	**-**	**2.72**

6.1 No loans and advances are due from directors or other officers of the Group either severally or jointly with any other person.

6.2 Loans are non derivative financial assets which generate fixed interest income for the Group. The carrying value may be affected by changes in the credit risk of the counter party.

	As at 31st March 2019	As at 31st March 2018
7 Other non-current financial assets (Unsecured, considered good unless otherwise stated)		
Security deposits	58.60	51.31
Other receivables	2.64	2.49
Income tax refund receivable (2015-16)	-	17.25
Deposit with bank (under lien) having remaining maturity more than 12 months	0.80	-
Total	**62.04**	**71.06**

7.1 Bank deposits aggregating to Rs. 0.80 lakh (Previous year: Rs. Nil) are under lien with bank towards guarantees issued by bank.

	As at 31st March 2019	As at 31st March 2018
8 Other non-current assets (Unsecured, considered good unless otherwise stated)		
Capital advances		
- Consider good	347.78	357.72
- Considered doubtful	1.36	-
	349.14	**357.72**
Less:- Provision for doubtful advance	(1.36)	-
	347.78	**357.72**
Prepaid expenses	0.40	5.58
Leasehold land	40.30	40.90
Total	**388.47**	**404.21**

(Rupees in lakhs)

	As at 31st March 2019	As at 31st March 2018
9 Inventories (Also refer note 17.1 & 20.1) (At lower of cost or net realisable value unless otherwise stated)		
Raw material - Steel	1,331.23	1,034.08
Raw materials (Dies)	62.39	103.11
Work-in-progress	1,706.78	1,569.81
Finished goods	1,020.62	974.08
Stores, spares and consumables	103.16	102.72
Scrap (At net realisable value)	30.21	28.56
Total	**4,254.38**	**3,812.36**

9.1 In case of SDS, ageing of slow/non-moving items of inventories is not available from the system. Management is of the view that there is demand for the SDS's products and these inventories have realizable value greater than cost and hence no provision is considered necessary. Auditor's have relied on the management for the demand estimate and expected price realization.

10 Trade receivables		
Unsecured		
Considered good	4,526.19	4,224.04
Considered doubtful	0.45	0.95
	4,526.64	**4,224.99**
Less: Allowance for bad and doubtful debts	0.45	0.95
Total	**4,526.19**	**4,224.04**

10.1 No trade receivables are due from directors or other officers of the Group either severally or jointly with any other person.

10.2 For details of outstanding receivables from related parties. (Refer note 38.3)

10.3 Trade receivables are non - interest bearing and are generally on terms of 30 to 270 days.

10.4 Trade receivable includes export bills aggregating to Rs.1,644.74 lakhs (Previous year: Rs.1,529.44 lakhs) purchased / discounted by the bank but pending realisation as on the date of the Balance Sheet & disclosed under working capital (short term borrowing). The Group has transferred the relevant receivables to the discounting bank in exchange for cash. However, the Group has retained the late payment and credit risk.

10.5 Trade receivable includes Rs. Nil (Previous year Rs. Nil) receivable from private company having common director.

10.6 Refer note 41 for policy on expected credit loss

11 Cash and cash equivalents and other bank balances		
Cash and cash equivalents		
Cash on hand	1.75	1.67
Balances with banks		
- In current accounts	361.33	87.84
- In fixed deposits	25.00	102.79
Total	**388.08**	**192.30**
Other bank balances		
- In fixed deposits (Refer note 11.2) having remaining maturity less than 12 months	12.47	6.61
- Earmarked balances (on unclaimed dividend account)	19.78	31.39
Total	**32.25**	**38.00**

(Rupees in lakhs)

	As at 31st March 2019	As at 31st March 2018

11.1 Bank deposits earns interest at fixed rates

11.2 Bank deposits aggregating to Rs.12.47 lakhs (Previous year : Rs.6.61 lakhs) are under lien with banks towards guarantees issued by bank.

12 Loans

Current (Unsecured, considered good unless otherwise stated)

	As at 31st March 2019	As at 31st March 2018
Other loans		
Loan to employees	9.65	-
Total	**9.65**	**-**

12.1 No loans and advances are due from directors or other officers of the Group either severally or jointly with any other person.

12.2 Loans are non derivative financial assets which generate fixed interest income for the Group. The carrying value may be affected by changes in the credit risk of the counter party.

13 Other current financial assets

(Unsecured, considered good unless otherwise stated)

	As at 31st March 2019	As at 31st March 2018
Export incentive receivable - Considered good	241.07	215.37
Sales tax refund receivable	32.51	118.35
Balance with government authorities	336.20	180.24
Amount recoverable from customers (Dies)	34.02	112.14
Interest Accrued on Fixed Deposits	0.23	-
Other receivables	29.53	33.25
Total	**673.56**	**659.36**

*Other receivables includes interest receivables, stamp duty receivables,etc.

13.1 Export incentive receivable and amounts recoverable from customer (Dies) of Rs. 215.37 lakhs and Rs. 112.14 lakhs respectively pertaining to financial year 2017-18 has been reclassified to Other current financial assets from Other current assets.

13.2 Break up of financial assets carried at amortised cost

	As at 31st March 2019	As at 31st March 2018
Loans (Refer note 6 & 12)	9.65	2.72
Other financial assets (Refer note 7 & 13)	735.60	730.42
Trade receivables (Refer note 10)	4,526.19	4,224.04
Cash & cash equivalents (Refer note 11)	388.08	192.30
Other bank balance (Refer note 11)	32.25	38.00
Total	**5,691.77**	**5,187.48**

13.3 Break up of financial assets carried at fair value through P&L

	As at 31st March 2019	As at 31st March 2018
Investments (Refer note 5)	0.05	0.05
Total	**0.05**	**0.05**

(Rupees in lakhs)

	As at 31st March 2019	As at 31st March 2018
14 Other current assets		
(Unsecured, considered good unless otherwise stated)		
Advance to suppliers (other than capital advance)	25.96	18.93
Prepaid expenses	90.74	83.65
Input tax credit receivable	168.57	193.38
Current portion of leasehold land	0.60	-
Total	**285.86**	**295.95**

14.1 No advances are due from directors or other officers of the Group either severally or jointly with any other person.

14.2 Input tax credit receivable of Rs. 193.40 lakhs pertaining to financial year 2017-18 has been reclassified to Other current assets from Other current financial assets.

15 Share capital

15.1 Authorised capital

Equity share capital		
18,500,000 (Previous year : 18,500,000) Equity Shares of Rs. 10 each	1,850.00	1,850.00
Preference share capital		
550,000 (Previous year : 550,000) Preference Shares of Rs.100 each	550.00	550.00
Total	**2,400.00**	**2,400.00**

15.2 Issued, subscribed and paid-up capital

Issued		
17,270,000 (Previous year : 17,270,000) Equity Shares of Rs.10 each	1,727.00	1,727.00
Issued, subscribed and paid-up		
17,270,000 (Previous year : 17,270,000) Equity Shares of Rs.10 each	1,727.00	1,727.00
Total	**1,727.00**	**1,727.00**

15.3 The Holding Company (Pradeep Metals Limited) has only one class of issued shares having a par value of Rs. 10/- per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian rupees. The dividend proposed, if any, by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Holding Company, the holder of equity shares will be entitled to receive remaining assets ot the Holding Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

15.4 Reconciliation of number of equity shares outstanding at the beginning and at the end of the reporting year

Shares outstanding at beginning of the year	17,270,000	17,270,000
Shares issued during the year	-	-
Shares bought back during the year	-	-
Shares outstanding at the end of the year	**17,270,000**	**17,270,000**

15.5 Equity Shares held by each shareholder holding more than 5% shares

Name of shareholder	As at 31st March 2019		As at 31st March 2018	
	Number of Shares	% of holding	Number of Shares	% of holding
Mr. Pradeep Goyal	1,576,400	9.13	1,576,400	9.13
Mrs. Neeru P. Goyal	919,927	5.33	919,927	5.33
Nami Capital Private Limited [formerly known as Rabale Engineering (I) Private Limited]*	9,972,542	57.74	6,167,481	35.71
S. V. Shah Construction Services Private Limited*	-	-	3,805,061	22.03

* S. V Shah Constructions Services Private Limited is amalgamated with Rabale Engineering Private Limited and Rabale Engineering Private Limited changed its name to Nami Capital Private Limited post amalgamation. Process for updation of same is going on with NSDL/ Link Intime India Private Limited.

15.6 Shares held by ultimate holding company

Name of shareholder	As at 31st March 2019		As at 31st March 2018	
	Number of Shares	% of holding	Number of Shares	% of holding
Nami Capital Private Limited	9,972,542	57.74	-	-

16 Securities premium

Securities premium is used to record the premium on issue of equity shares. The same shall be utilised in accordance with the provisions of The Companies Act, 2013.

16.1 Acquisition of NCI and resivision of financial statements by WOS and SDS

a In previous year, the ongoing dispute between WOS [holding 51% in Step down subsidiaries (SDS)] and erstwhile partner (holding 49% in SDS) was settled out of court. As per the settlement agreement, WOS had acquired the 49% share from the erstwhile partner and SDS had 100% subsidiary of WOS retrospectively w.e.f. 27th September 2016. Accordingly, the management of WOS and SDS had revised the financial statements for the earlier years. Consequently, the net reduction in profit by Rs. 83.83 Lakhs (consisting of increase in profit on account of revision in statement of profit & loss of WOS & SDS and reduction in profit on account of recomputation of allocation of loss to non-controlling interest and losses post acquisition of 49% share) was adjusted in opening 'Other equity' as on 1st April, 2017 in previous year. Simultaneously, goodwill on acquisition had been recomputed by SDS and reduced by Rs. 818.00 lakhs in previous year.

b As stated above, the ownership of the Group in SDS had increased from 51% to 100% in previous year. The carrying amount of NCI acquired as on 26th September 2016 was Rs. 146.96 lakhs. The decrease in equity attributable to owners was computed below:

Particulars	Rupees in Lakhs
Carrying amount of NCI acquired	146.96
Consideration paid to NCI	410.55
Decrease in equity attributable to owners	**(263.59)**

(Rupees in lakhs)

17 Borrowings (Non current)	As at 31st March 2019	As at 31st March 2018
Secured		
Term loans		
From banks		
- Foreign currency loan [Refer note 17.1 (i) and 17.2]	1,010.12	1,693.33
- Rupee loan [Refer note 17.1 (i) and 17.2]	486.71	135.35
- Vehicle loan [Refer note 17.1 (iii) and 17.2]	11.13	26.08
- Term loan [Refer note 17.1 (ii) and 17.2]	1,459.17	1,609.95
From other parties		
- Vehicle loan [Refer note 17.1 (iv) and 17.2]	-	9.99
- Machinery loan [Refer note 17.1 (v) and 17.2]	49.73	59.14
Long term maturities of finance lease obligations [Refer note 17.1 (vi) and 17.2]	5.22	-
Total	**3,022.08**	**3,533.84**

17.1 Details of security provided

(i) In case of holding company, term loans (Foreign currency loans & Rupee loans) are secured by charge on pari passu basis on fixed assets of the Holding Company (present and future) and second charge on current assets. The loans are further secured by personal guarantee of Chairman and Managing Director of the Holding Company.

(ii) In case of Step Down Subsidiary (SDS), term loan is secured by (a) first charge on pari passu basis over the fixed assets of the holding company and its corporate guarantee, (b) pledge over 60 shares amd non-disposal undertaking of 140 shares held by holding company in Wholly Owned Subsidiary (WOS), (c) pledge of over 30% membership interest and non-disposal undertaking of 21% membership interest held by WOS in SDS and (d) Personal guarantee of Chairman and Managing Director of the holding company.

(iii) Vehicle loan from bank is secured against hypothecation of the vehicle against which the loan has been taken. The loan is further secured by personal guarantee of Chairman and Managing Director and one Director of the Holding Company.

(iv) Vehicle loan taken by SDS is secured against hypothecation of vehicle.

(v) Machinery loan taken by SDS is secured against hypothecation of machine. Further, machinery loan is guranteed by WOS.

(vi) In case of SDS, finance lease obligation for machine and vehicle is secured by personal guarantee given by relative of Chairman and Managing Director of the holding company.

17.2 Terms of repayment and maturity profile of the term loan is as set out below:

(Rupees in lakhs)

Borrowings	As at 31st March 2019	As at 31st March 2018
Term loan - X Repayable in 16 quarterly installments of Rs. 29.00 lakhs each starting from September 2017.	35.35	35.35
Working Capital Term Loan (INR) Repayable in 17 quarterly installments of Rs. 30.00 lakhs each starting from September 2017.	100.00	100.00
Term loan XII Repayable in 20 quarterly installments of Rs. 18.00 lakhs each starting from June 2018.	231.96	63.67
Foreign currency term loan VIII Repayable in 16 quarterly installments of Rs. 30.00 lakhs each starting from June 2016.	118.84	240.83

Foreign currency term loan IX Repayable in 21 quarterly installments of Rs. 50.00 lakhs each starting from January 2017.	533.01	764.81
Foreign currency term loan X Repayable in 16 quarterly installments of Rs. 29.00 lakhs each starting from September 2017.	187.86	303.37
Foreign currency term loan XI Repayable in 20 quarterly installments (First ten installments of Rs. 20.00 lakhs each and next ten installments of Rs. 50.00 lakhs each) starting from June 2018.	610.22	705.47
Term loan XIII Repayable in 20 quarterly installments of Rs. 22.50 lakhs each starting from July 2019.	178.75	-
Term loan XIV Repayable in 20 quarterly installments of Rs. 16.50 lakhs each starting from Oct 2019.	113.15	-
Foreign currency - Working Capital Term Loan Repayable in 17 quarterly installments of Rs. 30.00 lakhs each starting from September 2017.	196.19	314.85
Vehicle loan (i) In case of holding company, repayable in 60 equated monthly installment of Rs. 1.56 lakhs (including interest) each starting from February 2016. (ii) In case of SDS, vehicle loan is repayable in 48 installments from July 2015.	29.86	55.44
Term loan (i) USD 20,00,000 repayable in quarterly installments [3 installments of USD 1,00,000, 12 installments of USD 50,000 and 5 installments of 2,20,000] starting from 31st October 2016 till 31st July 2021. (ii) USD 12,00,000 repayable in quarterly installments [12 installments of USD 40,000 and 6 installments of 1,20,000] starting from 31st December 2018 till 31st January 2023.	1,708.13	1,792.45
Machinery loan - repayable in installments till August 2022	63.74	73.52
Finance lease obligation are repayable in 8 quarterly instalments from the date of disbursement of respective loans	24.53	-
Total	**4,131.60**	**4,449.76**

Above figures are including current maturity as disclosed in note 22.

(Rupees in lakhs)

	As at 31st March 2019	As at 31st March 2018
18 Provisions (Non current)		
Provision for employee benefits		
- Leave benefits [Refer note 46 (b)]	47.23	22.92
- Gratuity [Refer note 46 (a)]	27.14	16.06
Total	**74.36**	**38.98**

19 Income & deferred taxes

The major components of income tax expense for the years ended 31st March 2019 & 31st March 2018 are:

19.1 Statement of profit & loss

Current income tax		
Current income tax charge	490.47	423.35
Deferred tax		
Relating to origination and reversal of temporary differences of current year	1.65	(79.49)
Income tax, deferred tax and MAT credit of earlier years (net)	(7.73)	9.46
Tax expense reported in the statement of profit & loss	**484.39**	**353.32**

(Rupees in lakhs)

	As at 31st March 2019	As at 31st March 2018
19.2 Other comprehensive income (OCI)		
Deferred tax related to items recognised in OCI		
Re-measurement of defined benefit plans	(11.13)	(3.76)
Deferred tax charge/(credit)	**(11.13)**	**(3.76)**

19.3 Reconciliation of tax expenses and the accounting profit multiplied by applicable tax rate for 31st March 2019 and 31st March 2018

	As at 31st March 2019	As at 31st March 2018
Accounting profit before tax from operations	1,417.95	806.24
Applicable income tax rate	29.12%	34.61%
	412.91	**279.02**
- Losses of subsidiaries not allowed under income tax	75.80	126.82
- Donation & other disallowances	3.41	2.71
- Reversal of Deferred tax liability (net of deferred tax asset) on account of enacted rate of 29.12% considered as on 31st March 2018	-	(64.70)
- Income tax, deferred tax and MAT credit of earlier years (net)	(7.73)	9.47
Subtotal	**484.39**	**353.32**

19.4 Deferred tax liabilities

	As at 31st March 2019	As at 31st March 2018
Deferred tax relates to the following:		
Differences in depreciation and amortization for accounting and income tax purposes	527.05	536.57
Provision for doubtful debts / advances	(0.53)	(4.58)
Provision for NMMC cess liability	(18.26)	(18.14)
Provision for employee benefits	(47.40)	(41.25)
Net deferred tax liabilities	**460.86**	**472.60**

19.5 Reflected in the balance sheet as follows

	As at 31st March 2019	As at 31st March 2018
Deferred tax assets	(66.19)	(63.96)
Deferred tax liabilities	527.05	536.57
Deferred tax liabilities (net)	**460.86**	**472.60**

19.6 Deferred tax expenses / (income)

	As at 31st March 2019	As at 31st March 2018
Deferred tax relates to the following:		
Differences in depreciation and amortization for accounting and income tax purposes	(9.52)	(74.54)
Provision for doubtful debts / advances	4.05	(2.39)
Provision for NMMC cess liability	(0.12)	(6.59)
Provision for employee benefits	(6.16)	33.14
Disallowance under section 43B of Income Tax Act, 1961	-	27.70
Net deferred tax charge/(credit)	**(11.74)**	**(22.68)**

19.7 The Group offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority and intends either to settle on a net basis. Further, in view of uncertainity of its reversal in future, deferred tax assets are not recognised on brought forward losses and current year losses of subsidiaries.

(Rupees in lakhs)

20 Borrowings (Current)	As at 31st March 2019	As at 31st March 2018
Secured		
From bank		
Working capital loans		
- Cash credit (Repayable on demand) [Refer note 20.1 (a)]	1,420.86	872.20
- Packing credit [Refer note 20.1 (b)]	2,458.40	2,421.53
- Bills discounted [Refer note 20.1 (c)]	1,644.74	1,529.44
Total	**5,524.01**	**4,823.17**

20.1 Details of security provided on working capital loans

a) Cash credit (secured)

Working capital loans are secured by first charge by way of hypothecation of stocks of semi-finished and finished goods, raw materials, consumable stores and spares (also refer note 9), book debts (also refer note 10) including bills discounted / purchased and second charge on its fixed assets of Holding Company and second charge on fixed assets of Holding Company. The loans are further secured by personal guarantee of Chairman & Managing Director of the Company. Cash credit is repayable on demand.

b) Pre / Post shipment packing credit

The loan is secured against hypothecation of stocks of semi finished and finished goods, raw materials, work-in-progress, consumables stores and spares (also refer note 9), book debts (also refer note 10), etc. Pershipment packing credit - foreign currency (secured & unsecured) is repayable within 180 days.

c) Bill discounting with banks

The loan is secured against hypothecation of stocks of semi finished and finished goods, raw materials, work-in-progress, consumable stores and spares (also refer note 9), book debts (also refer note 10) etc. Bill discounting with banks is repayable within 30 to 270 days.

All the working capital loans are secured by personal guarantee of Chairman and Managing director of the Holding Company.

21 Trade payables	As at 31st March 2019	As at 31st March 2018
Trade payables (including acceptances)		
- Dues to micro & small enterprises [Refer note 21.1]	35.73	0.50
- Dues to other than micro & small enterprises (including related parties payables)	1,745.82	1,574.90
Total	**1,781.56**	**1,575.39**

21.1 Terms & conditions of the above financial liabilities:

Trade payables are non-interest bearing and are generally settled on 15 to 90 days terms For details of balances outstanding of related parties, refer note 38.3)

	As at 31st March 2019	As at 31st March 2018
	(Rupees in lakhs)	
22 Other current financial liabilities		
Current maturity of long term borrowings		
- Machinery loan	14.01	14.38
- Term loan	248.96	182.50
- Rupee loan	172.50	63.67
- Foreign currency loan	636.00	636.00
- Vehicle loan	18.73	19.37
Current maturity of finance lease obligations	19.31	-
Interest accrued but not due	35.50	2.00
Trade payable for capital goods	80.53	57.82
Unpaid dividend	19.78	31.39
Accrued expenses	384.86	362.79
Salary and wages payable	182.41	115.31
Other liabilities*	127.58	109.04
	1,940.17	**1,594.28**

*Other liabilities includes amount deducted from employees and payable to various authorities.

22.1 Break up of financial liabilities carried at amortised cost

Borrowings (refer note no.17 & 20)	8,546.09	8,357.01
Other financial liabilities (refer note no.22)	1,940.17	1,594.28
Trade payable (refer note no.21)	1,781.55	1,575.39
Total	**12,267.81**	**11,526.68**

23 Other current liabilities

Advances from customers	2.74	5.44
Statutory liabilities	39.38	36.19
Total	**42.12**	**41.63**

24 Provisions (Current)

Provision for employee benefits		
- Leave benefits [Refer note 46 (b)]	115.56	118.73
- Gratuity [Refer note 46 (a)]	83.99	49.71
Provision for contingency (Refer note 24.1)	2.41	2.00
Total	**201.97**	**170.44**

24.1 Movement of provision for contingencies

(Rupees in lakhs)

Particulars		Margin on sales return (a)	NMMC (b)	Total (a+b)
Opening balance as on 1st April 2017		**0.27**	**34.94**	**35.21**
Add: Provision made		1.58	25.50	27.08
Less: Utilised / paid		-	60.29	60.29
Less: Write back		-	-	-
Closing balance as on 31st March 2018		**1.85**	**0.15**	**2.00**
Add: Provision made		2.25	-	2.25
Less: Utilised / paid		1.85	-	1.85
Less: Write back		-	-	-
Closing balance as on 31st March 2019		**2.25**	**0.15**	**2.40**

Note :

Provision for contingency represents provision for (a) margin on subsequent sales return and (b) provision for disputed Navi Mumbai Municipal Cess ('NMMC'). In respect of (a) the outflow is expected to be within a period of one year. In respect of (b), the holding company had paid Rs.60.29 lakhs under protest. During the previous year, holding company has adjusted the payment under protest to the extent of expected liability though the outcome of appeal is pending to be received. Expected outflow of interest / penalty depends on outcome of the appeal filed.

Notes on consolidated financial statements for the year ended 31st March 2019

(Rupees in lakhs)

25 Revenue from operations		Year ended 31st March 2019	Year ended 31st March 2018
Sale of products		16,742.10	14,356.05
Sale of services			
Job work and tooling charges		73.57	171.96
	(A)	**16,815.67**	**14,528.02**
Other operating revenues			
- Export incentives		405.53	388.53
- Sale of electricity - windmill		216.26	182.31
- Scrap sales		1,665.10	1,167.17
- Sundry balances written back		42.33	26.69
	(B)	**2,329.22**	**1,764.69**
Total	**(A+B)**	**19,144.89**	**16,292.71**

25.1 Disclosures of Ind AS 115:

Effective from 1st April 2018, the Group has applied Ind AS 115, which establishes a comprehensive framework for determining whether, how much and when revenue is to be recognised. Ind AS 115, 'Revenue from contracts with customers' replaces Ind AS 18, 'Revenue' and Ind AS 11, 'Construction Contracts'. Adoption of new standard does not have any impact on revenue recognition for current year as well as earlier years. Refer Significant accounting policies on Revenue recognition.

(a)Contracts with customer and significant judgement in applying the standard:

(i) The Group's operations relates to manufacturing and selling of forged and machined components for various sectors. The Group caters to both domestic and international markets. The Group applies the guidance provided in Ind AS 115 'Revenue from contracts with customer' for determining the timing of recognition of revenue. Refer significant accounting policies on Revenue recognition.

(ii) For details of revenue recognised from contracts with customers, refer note 25 above.

(iii) There are no contract assets arising from the Group's contract with customers.

(b)Disaggregation of revenue:

(i) For disaggregation of revenue, refer break-up given in note 25 above, note 43.1 and note 43.4 (i)

(ii) Refer note 43.4(iii) for details regarding customer concentration that represents 10% or more of the Group's total revenue during the year ended 31st March 2019 and 31st March 2018.

25.2 Reconciliation of revenue recognized with the contracted price is as follows:

Contracted price	19,197.45	16,356.10
Less: Reductions towards variable consideration components	52.56	63.39
Revenue recognised	**19,144.89**	**16,292.71**

The reduction towards variable consideration comprises of volume discounts, etc.

25.3 The Group receives government assistance in the form of MEIS license and duty drawback, which are issued to eligible importer. Above revenue includes MEIS and duty drawback income of Rs. 405.53 Lakhs (Previous year: Rs. 388.53 Lakhs). Out of the revenue recognised certain amount will be received from government upon receipt of balance amount from customer and fulfilment of other procedural formalities.

(Rupees in lakhs)

		Year ended 31st March 2019	Year ended 31st March 2018
26 Other income			
Interest income on			
- Fixed deposit		1.10	0.77
- Others		14.59	19.31
Provision for contingencies written back (Refer note 24.1) (net)		1.74	0.03
Miscellaneous income*		31.13	10.66
Profit on sales of assets (net)		12.12	-
Foreign exchange fluctuation - gain (net)		45.91	214.18
Total		**106.58**	**244.95**

* Miscellaneous income includes sundry scrap & miscellaneous recoveries.

		Year ended 31st March 2019	Year ended 31st March 2018
27 Cost of raw materials consumed			
Inventory at the beginning of the year		1,034.08	858.85
Add : Purchases		8,468.65	6,838.08
		9,502.73	**7,696.93**
Less : Inventory at the end of the year		1,331.23	1,034.08
Cost of raw materials consumed		**8,171.50**	**6,662.85**
28 Changes in inventories of work-in-progress and scrap			
Inventory at the beginning of the year			
Finished Goods		974.08	973.60
Less: adjustment on account of settlement with SDS partner		-	(4.14)
Work-in-progress		1,569.80	1,374.66
Scrap		28.56	22.73
	(A)	**2,572.43**	**2,366.85**
Inventory at the end of the year			
Finished Goods		1,020.62	974.08
Work-in-progress		1,706.78	1,569.81
Scrap		30.21	28.56
	(B)	**2,757.61**	**2,572.45**
Total	**(A-B)**	**(185.17)**	**(205.60)**
29 Manufacturing expenses			
Dies expenses		255.44	200.77
Consumption of Stores & Spares		562.08	603.11
Miscellenous freight inward and other expenses		75.76	138.52
Cess expenses		-	25.50
Power, fuel and water		947.66	756.93
Insurance expenses		67.98	71.21
Repairs and maintenance			
- Plant and machinery		208.90	231.90
- Windmill maintenance charges		22.43	-
- Building		3.34	4.10
Contract labour expense		448.63	495.60
Job work expenses		1,228.85	1,097.07
Rent (Refer note 37)		178.36	160.17
Other manufacturing expenses		12.18	-
Total		**4,011.61**	**3,784.88**

(Rupees in lakhs)

	Year ended 31st March 2019	Year ended 31st March 2018
30 Employee benefit expense		
Salaries, wages and bonus (including managerial remuneration)	2,347.94	2,239.84
Contribution to provident and other funds	186.98	199.98
Gratuity and leave benefit expenses [Refer note 46 (a) and note 46 (b)]	83.34	60.13
Workmen and staff welfare expenses	56.75	55.07
Total	**2,675.01**	**2,555.02**

31 Finance costs

Interest on bank facilities	605.12	529.84
Other interest costs*	32.63	17.51
Bank charges	102.28	108.18
Premium on forward contract	-	2.91
Foreign exchange loss (attributable to finance cost) (Refer note 31.1)	80.74	62.25
Total	**820.76**	**720.69**

*Other interest costs includes interest paid / payable to income tax authorities, interest on vehicle loans, etc.

31.1 The foreign exchange loss relates to foreign currency term loans and working capital loans to the extent considered as an adjustment to the interest cost.

32 Other expenses

Freight outward	759.06	688.48
Professional and legal fees	194.89	433.34
Relocation expenses	70.10	-
Travelling and conveyance	100.68	90.63
Rates and taxes	295.74	66.63
Repairs and maintenance - Others	18.48	13.70
Payment to auditors	27.47	17.04
Directors sitting fees	17.75	4.10
Sundry balance written off	0.75	8.23
Allowance for doubtful advances	1.36	-
Bad debts written off	10.69	17.89
Less: Allowance for bad and doubtful debts	(0.50)	(2.60)
Corporate Social Responsibility	17.72	12.59
Donation	1.29	1.54
Loss on sale and discard of fixed assets	-	13.55
Miscellaneous expenses*	198.49	174.78
Total	**1,713.97**	**1,539.90**

* Miscellaneous expenses includes office expenses, loss on sale of MEIS licences, printing , stationery, postage, security, selling, communication etc.

33 Components of Other Comprehensive Income (OCI)

The disaggregation of changes to OCI for each type of reserve in equity is shown below

(Rupees in lakhs)

Particulars	Attributable to owners			Attributable to NCI	Total
	During the year ended 31st March 2019	Exchange differences on translation of foreign operations	Tax		
Re-measurement gains (losses) on defined benefit plans	(38.58)	-	11.13	-	**(27.45)**
Exchange differences on translation of foreign operations	-	(123.10)	-	-	**(123.10)**
Total	**(38.58)**	**(123.10)**	**11.13**	**-**	**(150.56)**

Particulars	Attributable to owners			Attributable to NCI	Total
	During the year ended 31st March 2018	Exchange differences on translation of foreign operations	Tax		
Re-measurement gains (losses) on defined benefit plans	(11.73)	-	3.76	-	**(7.97)**
Exchange differences on translation of foreign operations	-	69.71	-	-	**69.71**
Total	**(11.73)**	**69.71**	**3.76**	**-**	**61.74**

34 Earnings per equity share

(Rupees in lakhs)

Particulars		Year ended 31st March 2019	Year ended 31st March 2018
Numerator for basic and diluted EPS			
Net profit after tax attributable to shareholders of parent (before OCI) (in Rs. lakhs)	(A)	933.56	452.92
Denominator for basic EPS			
Weighted average number of equity shares for basic EPS	(B)	17,270,000	17,270,000
Denominator for diluted EPS			
Weighted average number of equity shares for diluted EPS	(C)	17,270,000	17,270,000
Basic earnings per share of face value of Rs.10/- each (in Rs.)	**(A/B)**	5.41	2.62
Diluted earnings per share of face value of Rs.10/- each (in Rs.)	**(A/C)**	5.41	2.62

(Rupees in lakhs)

	Year ended 31st March 2019	Year ended 31st March 2018

35 Contingent liabilities

(A) Contingent liabilities are determined on the basis of available information and are disclosed in the notes to financial statements. Details of contingent liabilities not provided for are given below:

(a) Letters of guarantee issued by bank	62.45	59.13
(b) Claim against the Company not acknowledged as debts (Net)	26.25	26.25
(c) Claim for Navi Mumbai Municipal Cess payable	-	-

(i) In respect of (a) above, the holding company does not expect any cash outflow till such time contractual obligations are fulfilled.

(ii) In respect of (b) and (c) above, future cash out flows (including interest / penalty) are determinable on receipt of judgments from tax authorities / labour court.

(B) The holding company had received demand of Rs. 118.51 lakhs (Previous year : Rs. 118.51 lakhs) under Income Tax Act for financial years 2008-09, 2011-12, 2012-13 and 2013-14 as per which the department has withhold refund to the extent of credit of dividend taxes paid. In this regard, the Holding Company has filed rectification application seeking to give credit of taxes paid and after rectification, no demand will be payable. The Holding Company does not expect any demand from tax department and hence not disclosed under contingent liability.

36 Capital and other commitments

Capital commitment for tangible assets (net of advance paid) - Rs.328.95 lakhs (Previous year : Rs. 413.18 lakhs). There are no other commitments. Capital commitment for intangible assets (net of advance paid) - Rs. Nil (Previous year : Rs. Nil)

37 Disclosure of lease

37.1 Operating leases

As lessee:

The Holding Company and SDS has taken factory premises and machinery under operating lease basis which includes cancellable and non cancellable lease arrangements. Rent incurred with repsect to cancellable operating lease amounts to Rs. 129.13 lakhs (Previous year: Rs. 160.17 lakhs). Leasehold land of Holding Company has been amortised over the lease period. In case of SDS, with respect to non-cancellable operating lease arrangement (factory premises), rent for the year and the future minimum lease payments is as under:

Lease rent expenses debited to statement of profit and loss [Refer note 29]	49.23	-
Future lease rent payable		
- Not later than one year	98.67	-
- Later than one year and not later than five years	151.64	-
- Later than five years	-	-
- Contingent rent payable	-	-

Notes:

a Subletting of the factory premises is permissible only after obtaining written consent from the lessor. There are no sub leases during the year.

b SDS has an option to renew the lease for further period of 3 years. Increase in rent would be USD 3,000 per year during such term. [In Rs. 2.07 lakhs per year]#.

Converted in INR at exchange rate of year end i.e. Rs. 69.155

37.2 Finance lease:

(Rupees in lakhs)

Particulars	Future lease payments	Interest	Present Value
Payable not later than 1 year*	19.94 (-)	0.62 (-)	19.32 (-)
Payable later than 1 year and not later than 5 years	5.30 (-)	0.08 (-)	5.22 (-)
Later than 5 years	- (-)	- (-)	- (-)
Total	**25.24**		**0.70 24.54**

(Previous year figures have been given in brackets)

38 Related party disclosure

38.1 Name of the related parties and related party relationship

Description of relationship	Name of the Related Party
Enterprise having control over the Holding Company (Ultimate holding company)	Nami Capital Private Limited [w.e.f. 1st October, 2018] (Rabale Engineering India Private Limited changed its name to Nami Capital Private Limited)
Director / Key management personnel (KMP)	Mr. Pradeep Goyal, Chairman & Managing Director
	Dr. Kewal K. Nohria, Non-Executive Director
	Mr. Omprakash Agarwal, Non-Executive Director
	Mrs. Neeru P. Goyal, Non-Executive Director (Wife of Chairman & Managing Director)
	Mr. Suresh G. Vaidya, Independent Director
	Mr. Jaidev R. Shroff, Independent Director (Upto 30th September 2018)
	Mr. Jayavardhan Dhar Diwan, Independent Director
	Mrs. Nandita Vohra, Independent Director(Additional) (w.e.f. 28th December 2018)
	Mr. Kartick Maheshwari, Independent Director
Relatives of key management personnel	a) Mr. Abhinav Goyal (Son of Chairman & Managing Director, also KMP of subsidiaries) b) Mrs. Neha Goyal (Daughter in law of Chairman & Managing Director)
Enterprises owned or significantly influenced by key management personnel or their relatives	Dhanlabh Engineering Works Private Limited

Note: Designated Key Managerial Personnel as required by Section 2013 of the Compnaies Act, 2013 are not considered to be Key Management Personnel (Related party) for the purpose of disclosure under Ind AS 24.

38.2 Related party transactions

(Rupees in lakhs)

Name of the related party	Nature of the Transaction	Year ended 31st March 2019	Year ended 31st March 2018
Dhanlabh Engineering Works Private Limited	Labour charges paid	74.66	65.16
	Sales	9.39	0.92
	Rent expenses	30.54	29.27
	Electricity charges (Reimbursement)	16.91	17.81
Mrs. Neeru P. Goyal	Sitting fees paid	1.50	0.40
Dr. Kewal K. Nohria	Sitting fees paid	2.75	0.95
	Commission	1.00	-
Mr. Omprakash Agarwal	Sitting fees paid	1.75	0.45
	Commission	1.50	-
Mr. Suresh G. Vaidya	Sitting fees paid	4.25	1.00
	Commission	1.50	-
Mr. Jaidev R. Shroff	Sitting fees paid	0.25	0.10
	Commission	0.25	-
Mr. Jayavardhan Dhar Diwan	Sitting fees paid	4.00	0.65
	Commission	1.50	-
Mr. Kartick Maheshwari	Sitting fees paid	2.75	0.15
	Commission	1.00	-
Mrs. Nandita Vohra	Sitting fees paid	0.50	-
	Commission	0.50	-
Mr. Abhinav Goyal	Salary paid	77.63	50.25
Mrs. Neha Goyal	Salary paid	19.34	-
Pradeep Goyal*	Remuneration	84.00	84.00
	Incentive pay	25.00	-

Note: Sitting fees, commission, remuneration and incentive pay forms part of short term employee benefits.

* Does not include gratuity and leave encashment since the same is considered for all employees (including the Chairman & Managing Director) of the holding company as a whole and also does not include reimbursement of expenses.

38.3 Balance outstanding as at the year end

(Rupees in lakhs)

Name of the related party	Nature of outstanding	Year ended 31st March 2019	Year ended 31st March 2018
Dhanlabh Engineering Works Private Limited	Trade payable	6.58	15.46
Mr. Abhinav Goyal	Salary payable	1.92	1.80
Mrs. Neha Goyal	Salary payable	1.60	-
Pradeep Goyal	Remuneration payable	3.90	3.90
	Incentive payable	25.00	-
Dr. Kewal K. Nohria	Commission payable	1.00	-
Mr. Omprakash Agarwal	Commission payable	1.50	-
Mr. Suresh G. Vaidya	Commission payable	1.50	-
Mr. Jaidev R. Shroff	Commission payable	0.25	-
Mr. Suresh G. Vaidya	Commission payable	1.50	-
Mr. Jayavardhan Dhar Diwan	Commission payable	1.50	-
Mr. Kartick Maheshwari	Commission payable	1.00	-
Mrs. Nandita Vohra	Commission payable	0.50	-

Note: In addition to above transactions, Chairman and Managing Director of the Holding Company has given personal guarantee for loan facilities taken by the Holding Company / WOS (Refer note 17.1 & 20.1)

38.4 Outstanding balances at the year end are unsecured with a short term duration and interest free. For the year ended 31st March 2019 the Group has not recorded any impairment of receivables relating to amount owed by related parties (Previous year : Rs. Nil). This assessment is undertaken in each financial year through examining the financial position of the related party & the market in which the related party operates.

38.5 All transactions were made on normal commercial terms and conditions and at market rates.

39 Financial instruments by category

Set out below is a comparison, by class, of the carrying amounts and fair value of the Group's financial instruments as of 31st March 2019, other than those with carrying amounts that are reasonable approximates of fair values:

(Rupees in lakhs)

Particulars	Carrying value		Fair Value	
	As at 31st March 2019	As at 31st March 2018	As at 31st March 2019	As at 31st March 2018
(i) Investments	0.05	0.05	0.05	0.05
(ii) Loans	9.65	2.72	9.65	2.72
(iii) Other non-current financial assets	62.04	71.06	62.04	71.06
(iv) Trade receivables	4,526.19	4,224.04	4,526.19	4,224.04
(v) Cash and cash equivalents	388.08	192.30	388.08	192.30
(vi) Other bank balances	32.25	38.00	32.25	38.00
(vii) Other current financial assets	673.56	659.36	673.56	659.36
Total financial assets	**5,691.82**	**5,187.53**	**5,691.82**	**5,187.53**
(i) Borrowings (Non-current)	3,022.08	3,533.84	3,022.08	3,533.84
(ii) Trade payable	1,781.55	1,575.39	1,781.55	1,575.39
(iii) Other current financial liabilities	1,940.17	1,594.28	1,940.17	1,594.28
(iv) Borrowings (Current)	5,524.01	4,823.17	5,524.01	4,823.17
Total financial liabilities	**12,267.82**	**11,526.68**	**12,267.82**	**11,526.68**

The management assessed that the fair value of cash and cash equivalent, trade payables and other current financial assets and liabilities approximate their carrying amounts largely due to the short term maturities of these instruments.

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

40 Significant estimates and assumptions

The preparation of the Group's financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the accompanying disclosures, including the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

a Impairment of non-financial assets

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

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations involves use of significant estimates and assumptions which includes turnover and earnings multiples, growth rates and net margins used to calculate projected future cash flows, risk-adjusted discount rate, future economic and market conditions.

b Defined benefit plans & other long term benefits

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

c Fair value measurement of financial instruments

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

d Impairment of financial assets

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

e Income tax and deferred tax

Provision for tax liabilities require judgements on the interpretation of tax legislation, developments in case law and the potential outcomes of tax audits and appeals which may be subject to significant uncertainty. Therefore the actual results may vary from expectations resulting in adjustments to provisions, the valuation of deferred tax assets, cash tax settlements and therefore the tax charge in the consolidated statement of profit and loss.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which such deferred tax assets can be utilized. Currently, the Group has recognised the deferred tax on unused tax losses / unused tax credits only to the extent of the corresponding deferred tax liability. Any increase in probability of future taxable profit will result into recognition of unrecognised deferred tax assets.

f Provision for Inventories

Management reviews the inventory age listing on a periodic basis. This review involves comparison of the carrying value of the aged inventory item with the respective net realisable value. The purpose is to ascertain whether an allowance is required to be made in the financial statements for any obsolete and slow-moving items. Management is satisfied that adequate allowance for absolute and slow-moving inventories has been made in the financial statement.

g Impairment review of goodwill

The group tests for impairment of goodwill every year on 31st March. The impairment assessment is based on value in use. During the year ended 31st March 2019, the testing did not result in any impairment in the carrying amount of goodwill. The carrying amounts of goodwill is attributable to Dimensional Machine Works LLC. The recoverable amount is calculated based on value in use which has been determined based on business plans that have been approved by management for internal purposes. Key assumptions used for calculation of value in use are Earnings before interest and taxes (EBIT), Discount rate, Growth rates and Capital expenditures. With regard to assessment of value in use, any reasonable change in any of the above key assumptions will not cause the carrying amount of goodwill to exceed the recoverable amount.

41 Financial risk management objectives and policies

The Group's principal financial liabilities comprise loans and borrowings, trade payables and financial guarantee contracts. The main purpose of these financial liabilities is to finance the Group's operations. The Group's principal financial assets include loans, trade and other receivables and cash and cash equivalents that derive directly from its operations.

The Group is exposed to market risk, credit risk and liquidity risk. The Group's senior management oversees the management of these risks. The Group's senior management is supported by a Risk Management Committee (RMC) that advises on financial risks and the appropriate financial risk governance framework for the Group. The RMC provides assurance that the Group's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Group's policies and risk objectives. It is the Group's policy that no trading in derivatives for speculative purposes may be undertaken. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised as below.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings and deposits,

Interest rate risk

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

The Holding Company generally converts its borrowings in Foreign Currency, considering natural hedge it has against its export. All foreign currency debt obligations carry floating interest rates.

Interest rate sensitivity

The Group's total interest cost the year ended 31st March 2019 was Rs. 820.76 lakhs and for year ended 31st March 2018 was Rs. 720.69 lakhs. The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected, with all other variables held constant, the Group's profit before tax is affected through the impact on floating rate borrowings, as follows:

Particulars	Change in basis points	Effect on PBT and equity (Rs. In Lakhs)
31st March 2019	+50 -50	19.29 (19.29)
31st March 2018	+50 -50	19.82 (19.82)

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment, showing a significantly higher volatility than in prior years.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's export revenue and long term foreign currency borrowings.

The Group manages its foreign currency risk by budgeting exports sales & repeat orders from its overseas customers and Group keep its long term foreign currency borrowings un-hedged which will be natural hedge against its un-hedged exports. The Group may hedge its long term borrowing near to the repayment date to avoid rupee volatility in short term. The company also avails bill discounting facilities in respect of export receivables.

Commodity price risk

Group is affected by the price volatility of certain commodities. Its operating activities require the on-going purchase of steel. Due to significant volatility of the price of the steel, the Group has agreed with its customers for pass-through of increase/decrease in prices of steel. There may be lag effect in case of such pass-through arrangement.

Commodity price sensitivity

The Group revises its prices to customers on quarterly basis by considering average raw materials prices prevailing in the previous quarter impying it passes through any increase in prices thereby minimising the impact on the profit and loss and equity of the Group.

Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and other receivables and deposits, foreign exchange transactions and other financial instruments.

Expected credit loss and Trade receivables

Customer credit risk is managed by the Group's established policy, procedures and control relating to customer credit risk management. Further, Group's customers includes companies having long standing relationship with the Group. Outstanding customer receivables are regularly monitored and reconciled. Two customers accounted for more than 10% of the total receivables as at 31st March 2019 and 31st

March 2018. An impairment analysis is performed at each reporting date on an individual basis for major clients. In addition, a large number of minor receivables are grouped into homogeneous groups and assessed for impairment collectively. The calculation is based on historical data, past trend and standard percentage norms. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 10. The Group does not hold collateral as security except in case of few customers. The Group evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets. For movement in expected credit loss allowance refer the below table:

(Rupees in lakhs)

Particulars	**Year ended 31st March 2019**	**Year ended 31st March 2018**
Opening balance	0.95	3.55
Add : Allowance for doubtful receivables made during the year	-	-
Less : Allowance for doubtful receivables reversed during the year	(0.50)	(2.60)
Less : Trade receivables written off during the year	-	-
Closing balance	**0.45**	**0.95**

Liquidity risk

As per the Group's policy, there should not be concentration of repayment of loans in a particular financial year. In case of such concentration of repayment, the Group evaluates the option of refinancing entire or part of repayments for extended maturity. The Group assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. The Group has access to a sufficient variety of sources of funding and debt maturing within 12 months can be rolled over with existing lenders and the Group.

The table below summarises the maturity profile of the Company's financial liabilities

(Rupees in lakhs)

Particulars	**Year ended 31st March 2019**	**Year ended 31st March 2018**
Less than 1 year		
Borrowings	5,524.01	4,823.17
Trade and other payables	1,781.55	1,575.39
Other financial liabilities	849.97	678.35
Current maturity of long term borrowings	1,090.20	915.93
	9,245.74	**7,992.84**
1 to 5 years		
Borrowings	3,022.08	3,533.84
	3,022.08	**3,533.84**
Total	**12,267.82**	**11,526.68**

42 Capital management

For the purpose of the Group's capital management, capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders of the Holding Company. The primary objective of the Group's capital management is to maximise the shareholder value.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group monitors capital using a debt equity ratio, which is debt divided by equity.

In order to achieve this overall objective, the Group's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current period. No changes were made in the objectives, policies or processes for managing capital during the years ended 31st March 2019 and 31st March 2018.

43 Segmental disclosure

The Group is primarily engaged in manufacturing of closed die steel forgings & processing and holding company is also into power generation from wind turbine which is supplied to Maharashtra State Electricity Distribution Company Limited (MSEDCL).

(Rupees in lakhs)

Particulars	Closed die forging and processing	Power generation	Total
43.1 Segment Revenue-Gross			
External revenue	18,928.63	216.26	**19,144.89**
Previous year	16,110.40	182.31	**16,292.71**
43.2 Segment Results			
Segment total	2,279.54	118.07	2,397.61
Previous year	1,269.87	101.68	1,371.55
Unallocated corporate expenses net of unallocated income			158.90
Previous year			(155.39)
Profit before interest etc. and taxation			
Less: Finance costs			820.76
Previous year			720.69
Profit before tax			**1,417.94**
Previous year			806.25
Tax expense			**484.39**
Previous year			353.32
Profit for the year			**933.56**
Previous year			452.93
43.3 Other information			
Segment assets	15,033.19	1,197.11	16,230.30
Previous year	13,750.79	1,261.36	15,012.15
Unallocated Corporate assets			1,771.89
Previous year			1,406.69
Segment liabilities	2,953.45	-	2,953.45
Previous year	2,546.02	-	2,546.02
Unallocated Corporate liabilities			10,367.21
Previous year			9,948.38
Depreciation / amortization	625.84	-	625.84
Previous year	526.79	55.63	582.42
Capital expenditure	1,412.24	-	1,412.24
Previous year	341.52	-	341.52

(Rupees in lakhs)

	Year ended 31st March 2019	Year ended 31st March 2018
43.4 Secondary segment: Geographical information		
i) Sales, service income and other operating revenue by geographical market:		
Locations		
Within India	7,629.49	5,846.17
Outside India	11,515.40	10,446.54
Total	**19,144.89**	**16,292.71**

Note : Revenue within India includes sales to customers located within India and revenue outside India includes sales to customers located outside India.

ii) Trade receivable at year end		
Locations		
India	993.36	860.00
Outside India	3,532.83	3,364.04
Total	**4,526.19**	**4,224.04**

Note: Above figures are net of provision Rs. 0.45 lakh (Previous year : Rs. 0.95 lakh)

iii) Reliance on major customers: Three customers represents more than 10% of the consolidated revenue. Total revenue from these major customers amounts to Rs. 6,126.60 lakhs. In case of FY 17-18. two customers represents more than 10% of consolidated revenue whose revenue amounted to Rs. 3,642.67 lakhs.

Notes:

a) The operating segments have been reported in a manner consistent with the internal reporting provided to the Corporate Management Committee, which is the Chief operating decision maker.

b) The business segment comprise the following:

a) Closed Die Forging and Processing

b) Power Generation

c) The geographical information considered for disclosure are: Sales within India and Sales outside India

44 Foreign currency exposures that are not hedged by derivative instruments.

Particulars	As at 31st March 2019		As at 31st March 2018	
	Amount in Foreign Currency (in lakhs)	Rs. in lakhs	Amount in Foreign Currency (in lakhs)	Rs. in lakhs
Borrowings [Term loan & packing credit] USD	59.55	4,104.52	73.07	4,750.86
Trade and other receivable (Net of Bills Discounted)				
USD	40.04	2,769.00	32.48	2,095.26
EURO	5.92	460.06	4.17	324.62
GBP	0.42	38.39	0.62	55.89
Capital advances given				
USD	-	-	0.34	21.91
Trade payable for Capital goods				
USD	0.37	25.69	-	-

Note: Open purchase orders & sales orders have not been considered for foreign currency exposure.

45 Expenditure on Research & Development (Charged to statement of P & L) [Other than Microwave project]

(Rupees in lakhs)

	Year ended 31st March 2019	Year ended 31st March 2018
Professional Fees	11.22	11.25
Tours & Travels	0.04	0.13
Rent, Rate and Taxes	1.20	1.20
Repairs & Maintenance	4.74	1.55
Employees Welfare	0.07	0.14
Materials stores & spares	0.65	0.72
Other Expenses	0.72	0.81
Total	**18.64**	**15.80**

Notes on consolidated financial statements for the year ended 31st March 2019

46 Defined benefits and other long term benefit plans

(a) Gratuity plan

Funded scheme

The holding company has a defined benefit gratuity plan for its employees. The gratuity plan is governed by the payment of Gratuity Act, 1972. Under the Act, every employee who has completed five years of service is entiltled to specific benefit. The level of benefits provided on the employee's lenth of service and salary retirement age. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn) for each completed year of service as per the provisions of the payment of Gratuity Act, 1972. The scheme is funded with insurance Holding Company in the form of a qualifying insurance policy.

Risk exposure and asset-liability matching

Provision of a defined benefit scheme poses certain risks, some of which are detailed hereunder, as companies take on uncertain long term obligations to make future benefits payments.

I. Liability risks

a) Asset-liability mismatch risk

Risk which arises if there is a mismatch in the duration of the assets relative to the liabilities. By matching duration with the defined benefit liabilities, the holding company is successfully able to neutralize valuation swings caused by interest rate movements.

b) Discount rate risk

Variations in the discount rate used to compute the present value of the liabilities may seem small, but in practice have a significant impact on the defined benefit liabilities.

c) Future salary escalation and inflation risk

Since prive inflation and salary growth are linked economically, they combined for disclosure purposes. Rising salaries will often result in higher future defined benefit payments resulting in a higher present value of liabilities especially unexpected salary increase provided at management's discretion may lead to uncertainties in estimating this increasing risk.

II. Asset Risks

All plan assets are maintained in a trust fund managed by a public sector insurer viz. LIC of India. LIC has a sovereign guarantee and has been providing consistent and competitive returns over the years. The holding company has opted for a traditional fund wherein all assets are invested primarily in risk averse markets. The holding company has no control over the management of funds but this option provides a high level of safety for the total corpus. A single account is maintained for both the investment and claim settlement and hence 100% liquidity is ensured. Also interest rate and inflation risk are taken care of.

The following table summarises the components of net benefit expense recognised in the statement of profit and loss and the funded status and amounts recognised in the balance sheet for the gratuity plan. The principal assumptions used in determining gratuity for the holding company's plan is shown below:

(Rupees in lakhs)

Particulars	As at 31st March 2019	As at 31st March 2018
Mortality table	IALM(2006-08) ult	IALM(2006-08) ult
Discount rate	7.61%	7.60%
Expected rate of return on plan assets	8.00%	8.00%
Rate of increase in compensation levels	8.00%	8.00%
Expected average remaining working lives (in years)	14.15	13.70
Employee attrition rate	PS 0 - 42 - 2%	PS 0 - 42 - 2%

Changes in the present value of the defined benefit obligation recognised in balance sheet are as follows:

(Rupees in lakhs)

Particulars	As at 31st March 2019	As at 31st March 2018
Present value of obligation as at the beginning of the year	486.13	442.90
Interest expense	34.50	30.94
Current service cost	44.70	44.08
Past service cost - (Vested benefits)	-	1.78
Benefits (paid)	(63.93)	(39.76)
Remeasurements on obligation [Actuarial (Gain) / Loss]	35.74	6.18
Closing defined benefit obligation	**537.15**	**486.13**

Changes in the fair value of plan assets recognised in balance sheet are as follows:

(Rupees in lakhs)

Particulars	As at 31st March 2019	As at 31st March 2018
Opening fair value of plan assets	420.36	360.27
Adjustment to opening fair value of plan assets	-	(3.32)
Interest income	31.64	27.62
Contributions	40.79	81.09
Benefits paid	(63.93)	(39.76)
Remeasurements	-	-
Return on plan assets, excluding amount recognised in interest income-Gain/ (Loss)	(2.84)	(5.54)
Closing fair value of plan assets	**426.02**	**420.36**

Net Interest (Income / Expense)

(Rupees in lakhs)

Particulars	Year ended 31st March 2019	Year ended 31st March 2018
Interest (Income) / Expense - Obligation	34.50	30.94
Interest (Income) / Expense - Plan assets	(31.64)	(27.62)
Net Interest (Income) / Expense for the loss	**2.87**	**3.32**

Remeasurement for the year [Actuarial(Gain) / Loss]

(Rupees in lakhs)

Particulars	Year ended 31st March 2019	Year ended 31st March 2018
Experience (Gain) / Loss on plan liabilities	36.39	19.09
Demographic (Gain) / Loss on plan liabilities	-	-
Financial (Gain) / Loss on plan liabilities	(0.65)	(12.91)
Experience (Gain) / Loss on plan assets	-	-
Financial (Gain) / Loss on plan assets	-	-

Amount recognised in statement of other comprehensive income (OCI)

(Rupees in lakhs)

Particulars	Year ended 31st March 2019	Year ended 31st March 2018
Remeasurement for the year - obligation (Gain) / Loss	35.74	6.18
Remeasurement for the year - plan assets (Gain) / Loss	2.84	5.55
Total Remeasurement cost / (credit) for the year recognised in OCI	**38.58**	**11.73**

The amounts to be recognised in the Balance Sheet

(Rupees in lakhs)

Particulars	As at 31st March 2019	As at 31st March 2018
Present value of obligation as at the end of the year	537.15	486.13
Fair value of plan assets as at the end of the year	426.02	420.36
Net asset / (liability) to be recognised in balance sheet	**(111.13)**	**(65.77)**

Expense recognised in the Statement of Profit and Loss

(Rupees in lakhs)

Particulars	Year ended 31st March 2019	Year ended 31st March 2018
Current service cost	44.70	44.08
Past service cost - (vested benefits)	-	1.78
Sub Total	**44.70**	**45.86**
Net Interest (Income) / Expense	2.87	3.32
Net periodic benefit cost recognised in the statement of profit and loss	**47.57**	**49.18**

Reconciliation of net assets / (liability) recognised:

(Rupees in lakhs)

Particulars	As at 31st March 2019	As at 31st March 2018
Net asset / (liability) recognised at the beginning of the year	(65.77)	(82.63)
Adjustment to opening balance	-	(3.32)
Company Contributions	40.79	81.09
Expense recognised at the end of year	(47.57)	(49.18)
Amount recognised outside profit & loss for the year	(38.58)	(11.73)
Net asset / (liability) recognised at the beginning of the year	**(111.13)**	**(65.77)**

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

Particulars	As at 31st March 2019	As at 31st March 2018
Funds managed by insurer	100%	100%

Sensitivity analysis:

A) Impact of change in discount rate when base assumption is decreased / increased present value of obligation

(Rupees in lakhs)

Discount rate	As at 31st March 2019	As at 31st March 2018
Decrease by 1%	591.15	534.21
Increase by 1%	490.33	444.43

B) Impact of change in salary increase rate when base assumption is decreased / increased present value of obligation

(Rupees in lakhs)

Salary increment rate	As at 31st March 2019	As at 31st March 2018
Decrease by 1%	490.64	444.72
Increase by 1%	589.37	532.98

The estimates of future salary increases, considered in actuarial valuation, takes account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market. The sensitivity analysis above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

The following are the expected benefit payments [gross liability] to the defined benefit plan in future years:

(Rupees in lakhs)

Particulars	As at 31st March 2019	As at 31st March 2018
Within one year	19.41	39.39
After one year but not more than five years	120.80	100.17
After Five years but not more than ten years	284.65	179.17

(b) Leave benefits

Liability for leave benefits which are long term in nature (Privilege and sick leave) are unfunded and actuarially determined considering the leave policy/rules of the Holding Company. Provision for short term leave benefit - casual leave is calculated on arithmetic basis. The total liability for leave benefits as at year end is Rs.162.79 lakhs (Previous year : Rs.141.65 lakhs).

47 Defined contribution plan

Provident fund & ESIC

In accordance with the law, all employees of the Holding Company are entitled to receive benefits under the provident fund and ESIC. Under the defined contribution plan, provident fund and ESIC is contributed to the government administered fund. The Holding Company has no obligation, other than the contribution payable to the provident fund & ESIC.

48 Cash flow statement related

48.1 Aggregate outflow on account of direct taxes paid is Rs. 461.76 lakhs (Previous year : Rs. 281.82 lakhs).

48.2 Conversion of Rupee term loan in foreign currency loan (USD) aggregating to Rs. Nil (Previous year : Rs. 1,565.75 lakhs) is not considered as cash transaction.

48.3 Disclosure as required by Ind AS 7

Reconciliation of liabilities arising from financing activities

(Rupees in lakhs)

Particulars	As at 31st March 2018	Cash Flows	Non Cash Changes	As at 31st March 2019
Short Term Borrowings	4,823.17	699.14	1.71	5,524.01
Long Term Borrowings	4,449.77	(431.53)	113.36	4,131.60
Total Liabilities from financing activities	**9,272.94**	**267.61**	**115.06**	**9,655.61**

(Rupees in lakhs)

Particulars	As at 31st March 2017	Cash Flows	Non Cash Changes	As at 31stMarch 2018
Short Term Borrowings	5,972.73	(1,169.65)	20.09	4,823.17
Long Term Borrowings	3,355.86	1,074.40	19.51	4,449.77
Total Liabilities from financing activities	**9,328.59**	**(95.25)**	**39.60**	**9,272.94**

49 In accordance with US law, the WOS of the Holding Company has opted for payment of tax on consolidated income [i.e. after considering the income from its subsidiary (SDS of Holding Company)]. Since there are significant losses in SDS, there is a net loss on consolidated basis. Accordingly, there is no tax payable the WOS. Further, no deferred tax asset is recognized in absence of reasonable certainty of having taxable income (on consolidated basis) in future years.

50 Additional information pursuant to Schedule III of Companies Act, 2013

As at 31st March 2019

(Rupees in lakhs)

Name of the entity	Net Assets i.e. Total Assets minus total liabilities		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	Amount (Rupees in lakhs)	As % of consolidated profit or loss	Amount (Rupees in lakhs)	As % of consolidated other comprehensive income	Amount (Rupees in lakhs)	As % of consolidated total comprehensive income	Amount (Rupees in lakhs)
Parent								
Pradeep Metals Limited	137%	6,398.01	128%	1,193.87	18%	(27.45)	149%	1,166.42
Subsidiaries								
Foreign								
Pradeep Metals Limited Inc, USA	21%	988.06	26%	238.94	0%	-	31%	238.94
Dimensional Machine Works LLC*	18%	843.33	-57%	(531.95)	0%	-	-68%	(531.95)
Minority interest in all subsidiaries	0%	-	0%	-	0%	-	0%	-
Consolidation adjustments	-76%	(3,547.88)	4%	32.70	82%	(123.10)	-12%	(90.40)
Total	**100%**	**4,681.52**	**100%**	**933.56**	**100%**	**(150.55)**	**100%**	**783.01**

*SDS of the holding company.

As at 31st March 2018

(Rupees in lakhs)

Name of the entity	Net Assets i.e. Total Assets minus total liabilities		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	Amount (Rupees in lakhs)	As % of consolidated profit or loss	Amount (Rupees in lakhs)	As % of consolidated other comprehensive income	Amount (Rupees in lakhs)	As % of consolidated total comprehensive income	Amount (Rupees in lakhs)
Parent								
Pradeep Metals Limited	112%	5,231.61	88%	819.36	5%	(7.97)	104%	811.39
Subsidiaries								
Foreign								
Pradeep Metals Limited Inc, USA	16%	746.40	4%	37.80	0%	-	5%	37.80
Dimensional Machine Works LLC*	31%	1,466.27	-37%	(347.20)	0%	-	-44%	(347.20)
Minority interest in all subsidiaries	0%	-	0%	-	0%	-	0%	-
Consolidation adjustments	-75%	(3,519.85)	-6%	(57.03)	-46%	69.71	2%	12.67
Total	**84%**	**3,924.43**	**49%**	**452.93**	**-41%**	**61.74**	**66%**	**514.67**

*SDS of the holding company.

51 The Board of directors of holding company has recommended a final dividend of Re. 1 per equity share on face value of Rs. 10/- each for financial year 2018-19 on board meeting held on 15th May 2019, subject to approval of shareholders in ensuing Annual General Meeting.

52 Additional Information as required by para 7 of General Instructions for preparation of Statement of Profit and Loss (other than already disclosed above) are either Nil or Not Applicable.

53 Previous Year Figures have been regrouped/rearranged wherever necessary.

Notes referred to herein above form an integral part of standalone financial statements.
As per our report of even date

For N. A. Shah Associates LLP
Chartered Accountants
Firm Registration No.116560W/W100149

Milan Mody
Partner
Membership No. 103286

Place: Mumbai
Date: 15th May, 2019

For and on behalf of the Board of Directors of
Pradeep Metals Limited

Pradeep Goyal
Chairman and Managing Director
DIN: 00008370

Neeru P. Goyal
Director
DIN: 05017190

Nivedita Nayak
Company Secretary (Membership No. F8479)

Kavita Choubisa Ojha
Chief Financial Officer

- - NOTES - -

Updation of Information of Shareholders' of Pradeep Metals Limited

To,
Link Intime (India) Private Limited,
C-101, 247 Park, Lal Bahadur Shastri Marg,
Vikhroli West, Mumbai - 400083.

Sub: **Updation of Shareholders' Information - Pradeep Metals Limited**

I/We request you to record the following information against my/our Folio No./DP ID/Client ID:

A. General Information:

Folio No./DP ID/Client ID	
Name of the first names Shareholder	
PAN*	
CIN/Registration No.* (Applicable to Corporate Shareholders)	
Tel. No. with STD Code	
Mobile No.	
E-mail ID	

*Self attested photo copy of the document(s) enclosed.

B. Bank Details:

IFSC (11 Digit)	
MICR(9 Digit)	
Bank A/c Type	
Bank A/c No.*	
Name of the Bank	
Bank Branch Address	

*A blank cancelled cheque is enclosed to enable the verification of bank details.

I/We hereby declare that the particulars given above are correct and complete. If the transaction is delayed because of incomplete or incorrect details/information, I/We would not hold the Company/RTA responsible. I/We undertake to inform any subsequent changes in the above particulars as and when the changes take place. I/We understand that the above details shall be maintained till I/We hold the securities under the above mentioned Folio Number.

Place:

Date: Signature of the Sole/First Holder

Note: Shareholders holding shares in physical mode and having Folio No(s) should provide the above information to our RTA, Link Intime India Private Limited. Shareholders holding Demat shares are required to update their details with the Depository Participant.

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PRADEEP METALS LIMITED

Regd. Office: R-205, TTC Industrial Area, MIDC,
Rabale, Navi Mumbai 400701(Maharashtra)
CIN:L99999MH1982PLC026191

36th ANNUAL GENERAL MEETING

ATTENDANCE SLIP

PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL

DP ID * :

Client ID *:

Folio No.:

No. of Share(s) held:

NAME OF THE SHAREHOLDER :

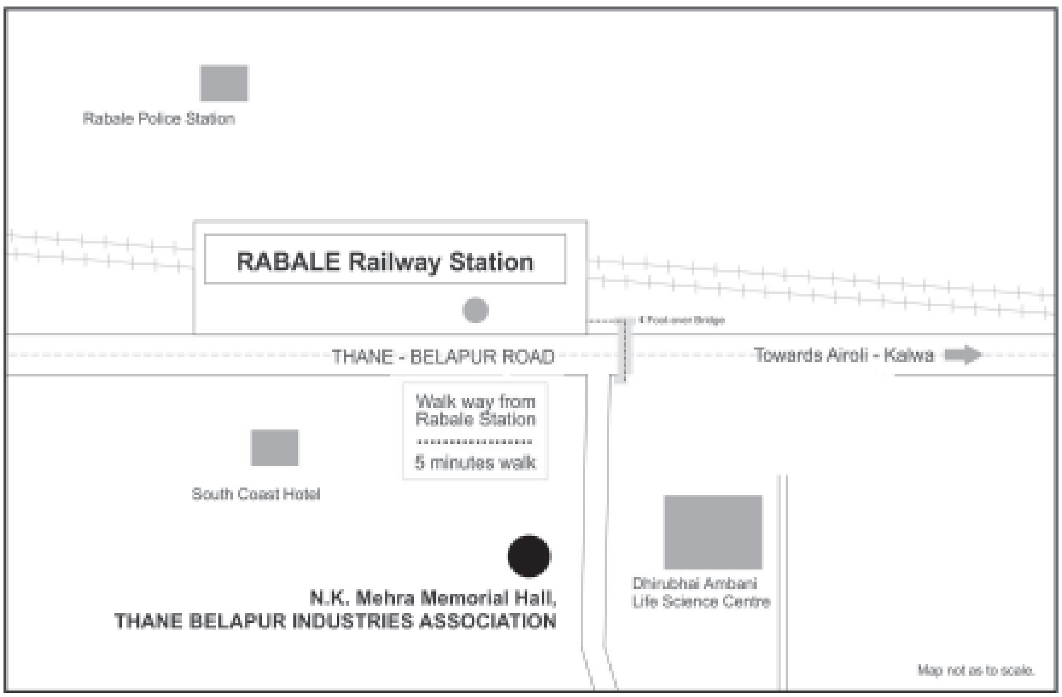
ADDRESS OF THE SHAREHOLDER :

I hereby record my presence at the 36th Annual General Meeting of the Company at N.K. Mehra Memorial Hall, Thane Belapur Industries Association, P-14, MIDC, opposite Rabale Railway Station, Rabale, Navi Mumbai 400701 on Saturday, the 10th day of August, 2019 at 3.00 p.m.

Signature of the Shareholder/Proxy
(To be signed at the time of handling over this Slip)

*Applicable for Investors Holding Shares in electronic form.

ROUTE MAP
FOR VENUE OF A.G.M.



PRADEEP METALS LIMITED

CIN: L99999MH1982PLC026191
Regd. Office : R-205, TTC Industrial Area, MIDC, Rabale, Navi Mumbai 400 701.
Tel: +91-22-27691026 Fax: +91-22-27691123 e-mail: investors@pradeepmetals.com Website: www.pradeepmetals.com

Proxy form

Form No. MGT-11

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014*]*

Name of the Member(s):	
Registered address:	
E-mail Id:	
Folio No. / Client Id:	DP ID No.

I/ We, being the Member(s) holding …………shares of Pradeep Metals Limited, hereby appoint

1. Name :	Address:
Signature:	Email ID:

or failing her / him

2. Name :	Address:
Signature:	Email ID:

or failing her / him

3. Name :	Address:
Signature:	Email ID:

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 36th Annual General Meeting of the Company, to be held on Saturday 10th day of August, 2019 At 3.00 pm at N.K. Mehra Memorial Hall, Thane Belapur Industries Association, P-14, MIDC, opposite Rabale Railway Station, Rabale, Navi Mumbai 400701 and at any adjournment thereof in respect of such resolutions as are indicated below:

No.	Resolutions
1	To receive, consider and adoptthe Audited Standalone & consolidated Financial Statements of the Company for the financial year ended 31st March, 2019, together with the Reports of the Board of Directors and Auditors thereon.
2	To declare dividend on Equity Shares for the financial year ended 31st March, 2019.
3	To re-appoint Mrs. Neeru P. Goyal (DIN: 05017190) as the Non-Executive Director of the Company, who retires by rotation and, being eligible, offers herself for re-appointment.
4	To appoint Ms. Nandita Nagpal Vohra (DIN: 06962408) as an Independent Director.
5	To re-appoint Mr. Suresh G. Vaidya (DIN: 00220956) as an Independent Director for his second term.
6	To approve the remuneration of the Cost Auditors for the financial year ending 31st March, 2020.
7	To ratify remuneration paid to Mr. Abhinav Goyal holding office or place of profit for FY 2015-16 till FY 2018-19.
8	To ratify/approve remuneration paid/payable to Mr. Abhinav Goyal holding office or place of profit for FY 2019-20 till FY 2021-22.
9	To ratify remuneration paid to Mrs. Neha Goyal holding office or place of profit for FY 2018-19.
10	To ratify/approve remuneration paid/ payable to Mrs. Neha Goyal holding office or place of profit for FY 2019-20 till FY 2021-22.
11	To approve Payment of Commission to Directors other than Managing Director and Directors from Promoter Group.
12.	To approve revision in remuneration of Mr. Pradeep Goyal, Chairman and Managing Director of Company.

Signature of Member   Signature of Proxy holder(s)

Affix Revenue Stamp

Signed this   day of   20

Note:

1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.

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certifications & approvals

ISO 9001:2015
ISO 14001:2015
OHSAS 18001:2007
Pressure Equipment Directive (PED/2014/681EU)
AD2000-MERKBLATT W0
Canadian Registration Number - CRN

Nuclear Approved Supplier - USA & Germany
Indian Defense Approved Supplier
Indian Railways Approved Supplier
Marine Approved Supplier
Indian Boiler Regulation IBR
NORSOK Approved Products

steel grades used

STAINLESS STEEL

F303, F304/F304L, F316 Ti, F316/F316L, F321, F347H
1.4301, 1.4307, 1.4435, 1.4436, 1.4404, 1.4541, 1.4571

DUPLEX

F51/1.4462/2205, Inconel 625, 825, Monel 400,500, Hastelloy C-276, Alloy 20

ALLOY STEEL

SAE - 4130, 8620H, 4140
20MnCr5, 18NiCrMo4, En19, 42CrMo4
F5, F9, F11, F20, F22, F91, F92

DIE STEEL

En24, DIN1.2714, DIN1.2713, H11

CARBON STEEL

SAE - 1008, 1010, 1018, 1030, 1040, 1045, 1141, 1140
En3A, En8, En8D, En9, C22.8 / 1.0460, CK45 / C45
Gr55, Gr70, A668 CLF, A105 / 1.0481, LF2 / 1.0436

our capabilities

DESIGN & TOOLING

AutoCAD drawing approved based on customer specifications
3-D modeling using Siemens NX (Unigraphics)
DEFORM simulation to optimize yield and die-design
Tool-path generation using Cimatron
Tooling Center
- Makino S-33
- HAAS VF-1 / VF-3
- EDM
- CNC Wirecut
- CNC Lathes

MACHINING

Vertical Machining Centers
Horizontal Machining Center
CNC Lathe Machines
Up to 530mm Diameter

TESTING

Spectrometer
Tensile Tester
Microscopy
PMI
Radioactivity
Impact, IGC

CUTTING

400T & 1600T Shears
125mm dia. Hi-speed Circular Saw
250mm Band Saws

MEASUREMENTS

Accurate 3-D CMM Model Spectra
Mahr Contour Measuring System
Mahr Mobile Surface Measuring Station MarSurf M 400
Trimos Vectra Touch - 600mm

FORGING

6T,3T & 1T Closed Die Hammers
2500T, 1250T, 700T Mechanical Presses
Trimming Presses
Induction and Gas-fired furnaces

HEAT TREATMENT

Electric Tempering furnace
Mechanical charger
Austentizing furnaces

POST FORGING

Shot blasting
Coining
Stamping
Rust-prevention
Packing
Ultrasonic cleaning

CONTACT INFORMATION

R-205 MIDC, Rabale
Navi Mumbai 400701
India
Tel: +91-22-27691026
www.pradeepmetals.com
export@pradeepmetals.com