



**Pradeep Metals Limited**  
Manufacturers of Precision Closed Die Forgings

20<sup>th</sup> July, 2021

The Secretary  
BSE Limited  
P J Towers, Dalal Street,  
Mumbai 400 001.

Dear Sir/Madam,

**Sub: Pradeep Metals Limited - Annual Report for the Financial Year 2020-21 and Notice convening the 38th Annual General Meeting (Scrip Code: 513532):**

As required under Regulation 30 and Regulation 34(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we submit herewith the Annual Report of the Company for the Financial Year 2020-21 along with the Notice convening the 38<sup>th</sup> Annual General Meeting ("AGM") scheduled to be held on Friday, August 13, 2021 at 03.00 p.m. (1ST) through Video Conferencing/ Other Audio Visual Means in accordance with relevant circulars issued by the Ministry of Corporate Affairs and SEBI.

In compliance with the aforesaid circulars, the Annual Report along with the Notice of the AGM has been sent only by electronic mode to those shareholders whose e-mail address is registered with the Company/ Registrar and Transfer Agent of the Company /Depository Participants.

The Annual Report along with the Notice of the AGM for the Financial Year 2020-21 is also available on the website of the Company at [www.pradeepmetals.com](http://www.pradeepmetals.com).

Please take the above information on record.

Thanking you,  
Yours Truly,

For **Pradeep Metals Limited**



**Nivedita Nayak**  
**Company Secretary & Compliance Officer**  
**FCS: 8479**



# Pradeep Metals Limited

**38<sup>th</sup> ANNUAL REPORT**

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2020 - 2021

Publicly listed on BSE  
38 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
Mrs. Neeru P. Goyal	Non-Executive Director
Mr. Abhinav Goyal	Non-Executive Director
Mr. Suresh G. Vaidya	Independent Director
Mr. Jayavardhan Dhar Diwan	Independent Director
Mr. Kartick Maheshwari	Independent Director
Ms. Nandita Nagpal Vohra	Independent Director

### Chief Financial Officer

Ms. Kavita Choubisa Ojha

### Company Secretary and Compliance Officer

Ms. Nivedita Nayak

### Statutory Auditors

N. A. Shah Associates LLP  
Chartered Accountants

### Secretarial Auditors

Shweta Gokarn & Co.  
Company Secretaries

### Internal Auditors

MGB & Co. LLP  
Chartered Accountants

### Cost Auditors

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](mailto:info@pradeepmetals.com), [investors@pradeepmetals.com](mailto:investors@pradeepmetals.com)  
Website: [www.pradeepmetals.com](http://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: +91-22-49186270; Fax: +91-22-49186060  
Email: [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in)

**PERFORMANCE AT A GLANCE (STANDALONE)**

(Rs. in lakhs)

<b>PARTICULARS</b>	<b>2020-21</b>	<b>2019-20</b>	<b>2018-19</b>	<b>2017-18</b>	<b>2016-17</b>
Sales and Other Income (Net of Excise Duty/GST)	14,364	17,829	17,611	14,551	12,757
Profit before Interest, Depreciation, Exceptional Items and Taxes	2,187	3,159	2,815	2,210	1,762
Less: Finance Cost	382	615	693	621	550
Less: Depreciation	540	498	444	416	432
Less: Exceptional items	308	348	-	-	-
Profit before Tax	958	1,699	1,678	1,173	779
Less: Taxation (including MAT and Deferred Tax)	339	410	484	353	265
 Profit for the year before Dividend	 618	 1,289	 1,194	 819	 515
 Earnings per Equity Share of Rs.10/- each (in Rs.)					
a. Basic	3.58	7.46	6.91	4.74	2.98
b. Diluted	3.58	7.46	6.91	4.74	2.98
c. Net Worth (Rs. In lakhs)	7,986	7,341	6,398	5,232	4,419

## NOTICE

**NOTICE IS HEREBY GIVEN THAT THE THIRTY EIGHTH ANNUAL GENERAL MEETING OF PRADEEP METALS LIMITED WILL BE HELD ON FRIDAY, 13<sup>th</sup> AUGUST, 2021 AT 3.00 P.M. THROUGH VIDEO CONFERENCING/OTHER AUDIOVISUAL MEANS (“VC”/“OAVM”) FACILITY 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 31<sup>st</sup> March, 2021, 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 31<sup>st</sup> March, 2021, together with the Reports of the Auditors thereon.
2. To declare Dividend on Equity Shares for the financial year ended 31<sup>st</sup> March, 2021.
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 re-appoint Mr. Jayavardhan Dhar Diwan (DIN: 01565319) as an Independent Director for a Second Term of five years.**

To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary 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), and on recommendation of the Nomination and Remuneration Committee of the Company, Mr. Jayavardhan Dhar Diwan (DIN: 01565319) be and is hereby re-appointed as an Independent Director of the Company for his second term of five years w.e.f. 13<sup>th</sup> May, 2022 upto 12<sup>th</sup> May, 2027.

**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 approve the remuneration of the Cost Auditors for the financial year ending 31<sup>st</sup> March, 2022.**

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), re-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 31<sup>st</sup> March, 2022, 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.”



**6. Alteration in Object Clause of the Memorandum of Association of the Company.**

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

**“RESOLVED THAT** pursuant to the provisions of Section 13 and other applicable provisions, if any, of the Companies Act, 2013, and subject to necessary approval(s), if any, from the competent authorities, the clause III (A) of the Memorandum of the Company dealing with the Main Objects to be pursued by the Company, be amended by inserting following new clauses after sub-clause III (A) 4 of the Memorandum of Association of the Company:

‘III (A) 5. To undertake and carry on the business of design, development, manufacture, supply, dealing, operating, trading, overhaul, repair, maintenance and service of all kinds of defence and non-defence systems; weapon systems, surveillance equipment, communication equipment, electronic warfare equipment, boats, armaments, armour material, unmanned military vehicles, vessels, aircraft and systems (including advanced armour/ballistic material and systems), simulators and devices and components or structures thereof for defence and non-defence applications including but not limited to mines, torpedoes, guns, mortars (including self-propelled), rockets, missiles, launchers (including rocket launchers), gun or gun parts/components, similar projectiles launched from land, air or sea whether operated manually or remotely (with or without explosives), detonators & similar devices and all related equipment for use by armed forces whether based on the proprietary designs and drawings of the armed forces or Ministry of defence, prototypes, assemblies, sub-assemblies, parts, components, accessories, fitments to any & all such devices/equipment, electronic systems, composite systems and sub systems including software and manufacture, dealing in all kinds of vehicles, whether armoured or un-armoured and all types of hydraulic machines, armaments, machine tools and machinery of any other description for use by armed forces and to acquire, promote the Companies with similar objects and providing training in aforesaid activities.’

‘III (A) 6. To engage in Buy, Buy and Make and Make categories of projects and any other type of programs floated or to be floated by the Government of India or its instrumentalities and for that purpose seek appropriate registration and affiliation with the associated authorities.’

**RESOLVED FURTHER THAT** pursuant to the provisions of Section 13 and other applicable provisions, if any, of the Companies Act, 2013, and subject to necessary approval(s), if any, from the competent authorities, the existing Clause III (B) containing the “Objects Incidental or Ancillary to the attainment of Main Objects” containing sub-clause nos. 5 to 45 be and is hereby re-grouped in New Clause III (B) “Matters which are necessary for furtherance of the Objects specified in Clause III(A)” and shall be re-numbered as sub-clause nos. 7 to 47 .

**RESOLVED FURTHER THAT** the existing Clause III(C) containing “Other Objects” having sub-clause nos. 46 to 48 be and is hereby deleted in entirety and be merged with Clause III (B) and shall be re-numbered as sub-clause nos. 48 to 50.

**RESOLVED FURTHER THAT** pursuant to the provisions of Section 13 and other applicable provisions, if any, of the Companies Act, 2013, the clause III (B) of the Memorandum of the Company dealing with “Matters which are necessary for furtherance of the Objects specified in Clause III (A)” be and is hereby amended by inserting following new clauses after sub-clause III (B) 50 of the Memorandum of Association of the Company:

‘III (B) 51. To apply for purchase or by any other means, acquire and protect, prolong and renew any patents, patent rights, brevets invention, licenses, protection and concessions which appear likely to be advantageous or useful to the Company to use and turn to account and to manufacture under or grant licences or privileges in respect of the same and to spend money in experimenting upon and testing and in improving or inventions or rights which the company may acquire or propose to acquire.’

‘III (B) 52. To acquire from any person, firm or body corporate whether in India or elsewhere, technical information, know-how, processes, engineering, manufacturing and operating data, plans, lay outs and

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blueprints useful for the design, erection and operation of plant required for any of the businesses of the Company and to acquire any grant or licence and other rights and benefits in the foregoing matters and things.’

‘III (B) 53. To negotiate and enter into agreements and contracts, with foreign individuals, Companies, corporations, and any other organisations or entities for technical, financial or any other assistance or collaboration for carrying out all or any of the objects of the Company or for the purpose of activating research and development of manufacturing projects on the basis of know-how, financial participation or technical collaboration and acquire necessary formulates and patent rights for furthering the objects of the Company.’

**RESOLVED FURTHER THAT** the Board of Directors of the Company or any of its duly constituted Committee be and is hereby authorized to do all acts, deeds, matters and things as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in this regard and to sign and execute all necessary documents, applications, returns and writings as may be necessary, proper, desirable or expedient.

**RESOLVED FURTHER THAT** the Board of Directors of the Company or any of its duly constituted Committee be and is hereby authorized, in the best interest of the Company, to accede to such modifications and alterations to the aforesaid resolution as may be suggested by the Registrar of Companies or such other Authority arising from or incidental to the said amendment.”

Place: Navi Mumbai  
Date: 27<sup>th</sup> May, 2021

**By order of the Board of Directors  
For PRADEEP METALS LTD**

**REGISTERED OFFICE:**

R-205, MIDC, Rabale, Navi Mumbai - 400 701  
Tel. no. +91-22-27691026 Fax:+91-22-27691123  
Email: [investors@pradeepmetals.com](mailto:investors@pradeepmetals.com)  
Website: [www.pradeepmetals.com](http://www.pradeepmetals.com)  
CIN: L99999MH1982PLC026191

Sd/-  
**Nivedita Nayak**  
**Company Secretary & Compliance Officer**  
**FCS: 8479**

**NOTES:**

1. In view of the massive outbreak of the COVID-19 pandemic, social distancing is a norm to be followed and pursuant to the Circular No. 14/2020 dated 8<sup>th</sup> April, 2020, Circular No.17/2020 dated 13<sup>th</sup> April, 2020 issued by the Ministry of Corporate Affairs followed by Circular No. 20/2020 dated 5<sup>th</sup> May, 2020 and Circular No. 02/2021 dated 13<sup>th</sup> January, 2021 and all other relevant circulars issued from time to time, physical attendance of the Members to the AGM venue is not required and general meeting can be held through video conferencing (VC) or other audio visual means (OAVM). Hence, Members can attend and participate in the ensuing AGM through VC/OAVM.
2. An explanatory statement pursuant to Section 102 (1) of the Act, relating to the Special Business to be transacted at the AGM is annexed hereto.
3. Pursuant to the Circular No. 14/2020 dated 8<sup>th</sup> April, 2020, issued by the Ministry of Corporate Affairs, the facility to appoint proxy to attend and cast vote for the members is not available for this AGM. However, the Body Corporates are entitled to appoint authorised representatives to attend the AGM through VC/OAVM and participate there at and cast their votes through e-voting.
4. 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 the AGM, in a fair and transparent manner.

5. The Register of Members and Share Transfer Books of the Company will be closed from Friday, 6<sup>th</sup> August, 2021 to Thursday, 12<sup>th</sup> August, 2021 (both days inclusive).
6. The Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available for 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.
7. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.
8. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), and the Circulars issued by the Ministry of Corporate Affairs dated 8<sup>th</sup> April, 2020, 13<sup>th</sup> April, 2020 and 5<sup>th</sup> May, 2020 the Company is providing facility of remote e-Voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with National Securities Depository Limited (NSDL) for facilitating voting through electronic means, as the authorized agency. The facility of casting votes by a member using remote e-Voting system as well as voting on the date of the AGM will be provided by NSDL.
9. In line with the Ministry of Corporate Affairs (MCA) Circular No. 17/2020 dated 13<sup>th</sup> April, 2020, the Notice calling the AGM along with the Annual Report 2020-21 is being sent only through electronic mode to those Members whose email addresses are registered with the Company/Depositories. Members may note that the Notice and Annual Report 2020-21 have been also uploaded on the website of the Company at [www.pradeepmetals.com](http://www.pradeepmetals.com). The Notice can also be accessed from the websites of the Stock Exchanges i.e., BSE Limited at [www.bseindia.com](http://www.bseindia.com) and on the website of NSDL (agency for providing the Remote e-Voting facility) i.e. [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
10. AGM has been convened through VC/OAVM in compliance with applicable provisions of the Companies Act, 2013 read with MCA Circular No. 14/2020 dated 8<sup>th</sup> April, 2020 and MCA Circular No. 17/2020 dated 13<sup>th</sup> April, 2020, MCA Circular No. 20/2020 dated 5<sup>th</sup> May, 2020 and MCA Circular No. 2/2021 dated 13<sup>th</sup> January, 2021.
11. 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.
12. Since the AGM will be held through VC/OAVM, the route map of the venue of the Meeting is not annexed hereto.
13. **REGISTRATION OF BANK EMAIL ID AND BANK ACCOUNT DETAILS:**
  - a) In case the Shareholder's email ID is already registered with the Company/its Registrar & Share Transfer Agent "RTA"/Depositories, log in details for e-voting are being sent on the registered email address.
  - b) In case the Shareholder has not registered his/her/their email address with the Company/its RTA/ Depositories and/or not updated the Bank Account mandate for receipt of dividend, the following instructions to be followed:

- i. Kindly log in to the website of our RTA, Link Intime India Private Ltd., [www.linkintime.co.in](http://www.linkintime.co.in) under Investor Services > Email/Bank detail Registration - fill in the details and upload the required documents and submit. OR
  - ii. **In the case of Shares held in Demat mode:**  
The Shareholder may please contact the Depository Participant (“DP”) and register the email address and bank account details in the demat account as per the process followed and advised by the DP.
14. Securities of listed Companies would be transferred in dematerialized form only w.e.f. 1<sup>st</sup> April, 2019. In view of the same, Members holding shares in physical form are requested to convert their holdings to dematerialized form to eliminate all risks associated with physical shares and for ease of portfolio management. Members can contact the Company’s RTA for assistance in this regard.

**THE INSTRUCTIONS FOR MEMBERS FOR REMOTE E-VOTING AND JOINING GENERAL MEETING ARE AS UNDER:**

The remote e-voting period begins on Tuesday, 10<sup>th</sup> August, 2021 at 9:00 A.M. IST and ends on Thursday, 12<sup>th</sup> August, 2021 at 5:00 P.M. IST. The remote e-voting module shall be disabled by NSDL for voting thereafter. The Members, whose names appear in the Register of Members/Beneficial Owners as on the record date (cut-off date) i.e., Thursday, 5<sup>th</sup> August, 2021 may cast their vote electronically. The voting right of shareholders shall be in proportion to their share in the paid-up equity share capital of the Company as on the cut-off date, being 5<sup>th</sup> August, 2021.

**How do I vote electronically using NSDL e-Voting system?**

*The way to vote electronically on NSDL e-Voting system consists of “Two Steps” which are mentioned below:*

**Step 1: Access to NSDL e-Voting system**

**A) Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode**

In terms of SEBI circular dated 9<sup>th</sup> December, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

Login method for Individual shareholders holding securities in demat mode is given below:

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with NSDL	<ol style="list-style-type: none"> <li>1. If you are already registered for <b>NSDL IDeAS facility</b>, please visit the e-Services website of NSDL. Open web browser by typing the following URL: <a href="https://eservices.nsd.com/">https://eservices.nsd.com/</a> either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the “<b>Beneficial Owner</b>” icon under “Login” which is available under “<b>IDeAS</b>” section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-Voting services. Click on “Access to e-Voting” under e-Voting services and you will be able to see e-Voting page. Click on options available against company name or <b>e-Voting service provider - NSDL</b> and you will be re-directed to NSDL e-Voting website for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</li> </ol>

Type of shareholders	Login Method
	<p>2. If the user is not registered for IDeAS e-Services, option to register is available at <a href="https://eservices.nSDL.com">https://eservices.nSDL.com</a>. Select “<b>Register Online for IDeAS</b>” Portal or click at <a href="https://eservices.nSDL.com/SecureWeb/IdeasDirectReg.jsp">https://eservices.nSDL.com/SecureWeb/IdeasDirectReg.jsp</a></p>
	<p>3. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <a href="https://www.evoting.nSDL.com">https://www.evoting.nSDL.com</a> either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholder/Member’ section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number held with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on options available against company name or <b>e-Voting service provider - NSDL</b> and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</p>
<p>Individual Shareholders holding securities in demat mode with CDSL</p>	<p>1. Existing users who have opted for Easi/Easiest, they can login through their user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi/Easiest are <a href="https://web.cdslindia.com/myeasi/home/login">https://web.cdslindia.com/myeasi/home/login</a> or <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on New System My easi.</p> <p>2. After successful login of Easi/Easiest the user will be also able to see the E Voting Menu. The Menu will have links of <b>e-Voting service provider i.e., NSDL</b>. Click on <b>NSDL</b> to cast your vote.</p> <p>3. If the user is not registered for Easi/Easiest, option to register is available at <a href="https://web.cdslindia.com/myeasi/Registration/EasiRegistration">https://web.cdslindia.com/myeasi/Registration/EasiRegistration</a></p> <p>4. Alternatively, the user can directly access e-Voting page by providing demat Account Number and PAN No. from a link in <a href="http://www.cdslindia.com">www.cdslindia.com</a> home page. The system will authenticate the user by sending OTP on registered Mobile &amp; Email as recorded in the demat Account. After successful authentication, user will be provided links for the respective ESP i.e., <b>NSDL</b> where the e-Voting is in progress.</p>
<p>Individual Shareholders (holding securities in demat mode) login through their depository participants</p>	<p>You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. Once login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on options available against company name or <b>e-Voting service provider- NSDL</b> and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</p>

**Important note:** Members who are unable to retrieve User ID/Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

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**Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e., NSDL and CDSL.**

Login type	Helpdesk details
Individual Shareholders holding securities in demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at <a href="mailto:evoting@nsdl.co.in">evoting@nsdl.co.in</a> or call at toll free no.: 1800 1020 990 and 1800 22 44 30
Individual Shareholders holding securities in demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a> or contact at 022- 23058738 or 022-23058542-43

**B) Login Method for shareholders other than Individual shareholders holding securities in demat mode and shareholders holding securities in physical mode.**

**How to Log-in to NSDL e-Voting website?**

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile.
2. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section.
3. A new screen will open. You will have to enter your User ID, your Password/OTP and a Verification Code as shown on the screen.

*Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.*

4. Your User ID details are given below :

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is:
a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****.
b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example if your Beneficiary ID is 12***** then your user ID is 12*****
c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the company For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001***

5. Password details for shareholders other than Individual shareholders are given below:
  - a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
  - b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.

- c) How to retrieve your 'initial password'?
  - (i) If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.
  - (ii) If your email ID is not registered, please follow steps mentioned below in **process for those shareholders whose email ids are not registered.**
6. If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:
  - a) Click on "**Forgot User Details/Password?**" (If you are holding shares in your demat account with NSDL or CDSL) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
  - b) **Physical User Reset Password?**" (If you are holding shares in physical mode) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
  - c) If you are still unable to get the password by aforesaid two options, you can send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) mentioning your demat account number/folio number, your PAN, your name and your registered address etc.
  - d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.
7. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.
8. Now, you will have to click on "Login" button.
9. After you click on the "Login" button, Home page of e-Voting will open.

### **Step 2: Cast your vote electronically and join General Meeting on NSDL e-Voting system.**

#### **How to cast your vote electronically and join General Meeting on NSDL e-Voting system?**

1. After successful login at Step 1, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle and General Meeting is in active status.
2. Select "EVEN" of company for which you wish to cast your vote during the remote e-Voting period and casting your vote during the General Meeting. For joining virtual meeting, you need to click on "VC/OAVM" link placed under "Join General Meeting".
3. Now you are ready for e-Voting as the Voting page opens.
4. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.
5. Upon confirmation, the message "Vote cast successfully" will be displayed.
6. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
7. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

#### **General Guidelines for shareholders**

1. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/Authority letter etc. with attested specimen

signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to [csshwetagokarn@gmail.com](mailto:csshwetagokarn@gmail.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).

- It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the “[Forgot User Details/Password?](#)” or “[Physical User Reset Password?](#)” option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com) to reset the password.
- In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or call on toll free no.: 1800 1020 990 and 1800 22 44 30 or send a request to (Mr. Anubhav Sinha) at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).

**Process for those shareholders whose email ids are not registered with the depositories for procuring user id and password and registration of e mail ids for e-voting for the resolutions set out in this notice:**

- In case shares are held in physical mode please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) by email to ([investors@pradeepmetals.com](mailto:investors@pradeepmetals.com)).
- In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) to ([investors@pradeepmetals.com](mailto:investors@pradeepmetals.com)). If you are an Individual shareholders holding securities in demat mode, you are requested to refer to the login method explained at **step 1 (A) i.e. Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode.**
- Alternatively shareholder/members may send a request to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) for procuring user id and password for e-voting by providing above mentioned documents.
- In terms of SEBI circular dated 9<sup>th</sup> December, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are required to update their mobile number and email ID correctly in their demat account in order to access e-Voting facility.

**THE INSTRUCTIONS FOR MEMBERS FOR E-VOTING ON THE DAY OF THE AGM ARE AS UNDER:**

- The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for remote e-voting.
- Only those Members/shareholders, who will be present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system in the AGM.
- Members who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.
- The details of the person who may be contacted for any grievances connected with the facility for e-Voting on the day of the AGM shall be the same person mentioned for Remote e-voting.

**INSTRUCTIONS FOR MEMBERS FOR ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER:**

- Member will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e-Voting system. Members may access by following the steps mentioned above for **Access to**



**NSDL e-Voting system.** After successful login, you can see link of “VC/OAVM link” placed under “**Join General meeting**” menu against company name. You are requested to click on VC/OAVM link placed under Join General Meeting menu. The link for VC/OAVM will be available in Shareholder/Member login where the EVEN of Company will be displayed. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice to avoid last minute rush.

2. Members are encouraged to join the Meeting through Laptops for better experience.
  3. Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
  4. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
  5. Shareholders, who would like to express their views/have questions may send their questions in advance mentioning their name demat account number/folio number, email id, mobile number at (investors@pradeepmetals.com). The same will be replied by the company suitably.
- The Scrutinizer shall, immediately after the conclusion of voting at the 38<sup>th</sup> AGM, first count the votes cast during the 38<sup>th</sup> AGM, thereafter unblock the votes cast through remote e-voting and make, not later than 48 hours of conclusion of the 38<sup>th</sup> AGM, a consolidated Scrutinizer’s Report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same. The Results declared along with the report of the Scrutinizer shall be placed on the website of the Company (www.pradeepmetals.com) and on the website of NSDL (www.evoting.nsdl.com.) immediately. The result will also be displayed on the Notice Board of the Company at its Registered Office. The Company shall simultaneously forward the results to BSE Limited, where the shares of the Company are listed. The resolutions, if passed by requisite majority, shall be deemed to have been passed on the date of the 38<sup>th</sup> AGM i.e. 13<sup>th</sup> August, 2021.

**ANNEXURE TO THE NOTICE****Explanatory Statement Pursuant to Section 102 of the Companies Act, 2013****Item No. 4****Re-appointment of Mr. Jayavardhan Dhar Diwan (DIN: 01565319) as an Independent Director for Second Term of five years:**

The Members had at the 34<sup>th</sup> Annual General Meeting held on 21<sup>st</sup> August, 2017 approved the appointment of Mr. Jayavardhan Dhar Diwan as an Independent Director of the Company for a period of five years with effect from 13<sup>th</sup> May, 2017. Mr. Diwan will complete his present term on 12<sup>th</sup> May, 2022. For his appointment for second term as Independent Director, the approval of Members is being sought for by way of Ordinary Resolution.

Mr. Jayavardhan Dhar Diwan holds a degree in BE (Metallurgy) from University of Roorkee and has completed his MBA from S.P. Jain Institute of Management and Research. He started his career in Indian Aluminum post his Engineering degree. He moved to a career in Finance in 1993 post his MBA, as a Senior Research Analyst in W I Carr, moving on to KBC Financial Products as Executive Director. Currently, Mr. Diwan is the Managing Partner/Advisor to Odyssey India Advisory Private Limited. His continued association would benefit the Company, given his knowledge, experience and performance and contribution to Board processes.

Additional information in respect of Mr. Diwan, 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. Diwan does not hold any share in the Company, either in his individual capacity or on a beneficial basis for any other person.

Mr. Diwan 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. Diwan 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 27<sup>th</sup> May, 2021, on the recommendation of the Nomination & Compensation Committee, recommended for the approval of the Members, the re-appointment of Mr. Diwan 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. Diwan would be entitled to remuneration by way of commission, as may be determined by the Board.

Except Mr. Diwan 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 Resolution.

The Board commends passing of the Resolution set out at Item No. 4 of the accompanying Notice as **Ordinary Resolution**.

**Item No. 5****Approve the remuneration of the Cost Auditors for the financial year ending 31<sup>st</sup> March, 2022:**

The Board of Directors had appointed M/s. MKJ & Associates, Cost & Management Accountants (Firm Registration No. 001352), as the Cost Auditor of the Company for conducting the audit of cost records for FY 2020-21. Considering their satisfactory performance, the Board of Directors, on the recommendation of the Audit Committee at its meeting held on 27<sup>th</sup> May, 2021 approved the re-appointment of M/s. 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 31<sup>st</sup> March, 2022 at a remuneration of Rs.1,25,000/- (Rupees

One lakh 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. 5 of the Notice, for the remuneration payable to the Cost Auditors for the financial year ending 31<sup>st</sup> March, 2022.

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

#### **Item No. 6**

#### **Alteration of Object Clause of Memorandum of Association of the Company:**

The Company is presently engaged in the business of manufacturing and sale of metal forgings and castings, automotive and machinery parts, tools, pipe fittings. In view of prevailing market conditions, the Company intends to engage in manufacturing and selling of ammunition and other forged and/or machined components to be used in industrial defence and aerospace sector, which may be conveniently and advantageously combined with the existing business of the Company. There are certain other projects as well under the Make II and Make III programs of Ministry of Defence (MOD) where Company has the capability and potential to enter into arrangements such as joint ventures or Transfer of Technology from reputed manufacturers worldwide.

In order to enable the Company to undertake businesses as above, it is proposed to amend the Main Objects Clause, Incidental/Ancillary Objects Clause and Other Objects of the Memorandum of Association of the Company.

Further, with a view to align the existing Memorandum of Association of the Company with Table A of the Schedule I of the Companies Act, 2013 and in accordance with Section 4 and 13 of the Act, it is proposed to alter the Memorandum of Association of the Company by merging and retaining the Objects under Clause III (C) – “The Other Objects” with Clause III (B) – “Matters which are necessary for furtherance of the Objects specified in Clause III(A)”. Further, Clause III(C) is proposed to be deleted in entirety.

By virtue of Section 13 of the Companies Act, 2013 read with Rule 22 of the Companies (Management and Administration) Rules, 2014, approval of members by way of **Special Resolution** is a prerequisite to amend the object clause of the Company and thus your approval is sought for the same.

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 at Item No. 6 of the accompanying Notice as **Special Resolution**.

**By order of the Board of Directors  
For PRADEEP METALS LTD**

Sd/-  
**Nivedita Nayak**  
**Company Secretary and Compliance Officer**  
**FCS: 8479**

Place: Navi Mumbai  
Date: 27<sup>th</sup> May, 2021

# 38<sup>th</sup> ANNUAL REPORT 2021

## DIRECTORS' REPORT

Your Directors are pleased to present the Thirty Eighth Annual Report together with the Audited Financial Statements for the year ended 31<sup>st</sup> March, 2021.

### 1. FINANCIAL RESULTS:

The Company's standalone financial performance for the year ended 31<sup>st</sup> March, 2021 is summarized below:

(Rs. in lakhs)

Year Ended	31.03.2021	31.03.2020
<b>Total Income</b>	14,363.86	17,828.61
<b>Profit/(Loss)before Depreciation, Exceptional items and Taxes</b>	1,805.51	2,544.02
<b>Less:</b> Depreciation & amortization expenses	539.59	497.63
<b>Less:</b> Exceptional item*	308.26	347.94
<b>Profit before taxes</b>	<b>957.66</b>	<b>1,698.45</b>
Less: Provision for taxes	339.41	410.30
<b>Profit after tax for the year</b>	<b>618.25</b>	<b>1,288.15</b>
Other Comprehensive Income (Net of Taxes)	27.61	70.74
<b>Total Comprehensive Income</b>	<b>645.86</b>	<b>1,358.90</b>

\* Exceptional items represent provision made for impairment in the value of investment in Pradeep Metals Limited Inc., Houston, USA (WOS) of Rs. 270.00 lakhs (previous year Rs. 270.00 lakhs) and production related expenses incurred by the company during the period of nationwide lockdown declared in India, the Company's plant was shut from 22<sup>nd</sup> March, 2020 to 3<sup>rd</sup> April, 2020. Consequently, expenses amounting to Rs. 38.26 lakhs (previous year Rs. 77.94 lakhs) are disclosed as exceptional items.

### 2. COVID-19 IMPACT:

The forging industry suffered a setback due to the COVID-19 pandemic outbreak and the consequent lock downs. Your Company also bore some of the impact, but mostly during the first and second quarters of the year. Your company received approvals from relevant District Administration to operate as a Essential Goods supplier, being exempt from lockdown restrictions, and was therefore able to resume production from 4<sup>th</sup> April, 2020 after a shutdown on 22<sup>nd</sup> March, 2020.

Subdued demand from customers was witnessed in the initial period of the year, but the position quickly improved from September, 2020, with the result that revenues were impacted by only 19.43% compared to the last year. We ran our operations safely and efficiently and could service our customers to their satisfaction.

We operated at all times with the first and foremost priority as the health and safety of our employees. Government norms of COVID-19 protocols were scrupulously followed and those who did not have to attend essential activity at workplace were allowed to work from home. Adequate insurance cover was arranged so that employees were not hit with lost wages. Term covers for compensation in case of death also instilled a sense of security in the employees, with the result that attendance was excellent and co-operation to the fullest.

### 3. RESULTS OF OPERATIONS AND THE STATE OF THE COMPANY'S AFFAIRS:

Your Company achieved Revenues from Operations and Other Income of Rs.14,363.86 lakhs during the financial year ended 31<sup>st</sup> March, 2021, an decrease of 19.43% over the previous year. Profit before

Exceptional items and Taxes for the year has decreased by 38.14% and Profit after Exceptional items and Taxes by 52.00%.

During the year, as the COVID-19 pandemic hit the market stability and demand, the sales of the Company were seriously affected. However, the Company maintained the profitability as per the budget estimations, 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.

**4. DIVIDEND:**

Your Directors recommended a Final Dividend of 10% i.e., Re. 1 per Equity share of Rs.10/- each for the financial year ended 31<sup>st</sup> March, 2021 in the Board Meeting of the Company held on 27<sup>th</sup> May, 2021.

**5. TRANSFER TO RESERVES:**

No amount has been transferred to the General Reserve.

**6. 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"), form part of this report.

**7. 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). The 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 form part of this Report.

The WOS is engaged in warehousing and marketing the products manufactured by the Company. The WOS has also commenced agency business for marketing of the products of the Company in international market (excluding India) from 01<sup>st</sup> January, 2021 for a period of three years. The WOS is entitled to receive commission @5% on FOB value of export sales (other than export sales to the subsidiaries) realized. Apart from adding new business, this will help the Company to serve the customers falling in different time zones by faster response and service.

The SDS has been engaged in manufacturing and trading components mainly for the Oil & Gas industry in USA. It has recently diversified its activities in engineering industry in order to improve its viability.

The total income of the WOS and the SDS was Rs. 2,267.11 lakhs (USD 3.225 Million) and Rs. 1,106.05 lakhs (USD 1.502 Million) for the current year as compared to Rs. 3,556.75 lakhs (USD 5.019 Million) and Rs.1,339.54 lakhs (USD 1.842 Million) for the previous year, respectively. The combined profit before Exceptional items and Taxes of both the subsidiaries amounted of Rs. 362.16 lakhs (USD 0.489 Million) in the year as compared to loss of Rs. 531.11 lakhs (USD 0.843 Million) in the previous year.

A Sub- Committee was formed during the year in order to review financial health of the WOS. It was found that its Non-Current Assets exceeded the Long-Term Resources by Rs. 2,153.67 lakhs (USD 2.846 Million) as on 31<sup>st</sup> March, 2020. Consequently, the Company has invested Rs. 2,109.63 lakhs (USD 2.870 Million) in the WOS during the year 2020-21 by way of equity of Rs. 463.42 lakhs (USD 0.620 Million) and Unsecured Loan of Rs. 1,646.21 lakhs (USD 2.250 Million). The WOS utilized it for bridging the gap between Non- Current Assets and Long-Term Resources which included repayment of ECBs repayment of Rs. 639.62 lakhs (USD 0.870 Million), which fell due during the year.

For financing the above investment, the Company has raised a Term Loan of Rs. 1,400.00 Lakhs from Union Bank of India. The balance amount has been met from internal accruals/funds of the Company.

## 38<sup>th</sup> ANNUAL REPORT 2021

The performance of the subsidiaries is getting improved in view of development of new customers and products. Efforts are being made to develop new customers and enlarge the products range, in order to improve turnover and profitability of both the subsidiaries. During the year, the WOS has also earned the Agency Commission income of Rs. 90.95 lakhs (USD 0.124 Million). The SDS received Rs. 281.00 lakhs (USD 0.384 Million) under Paycheck Protection Program (relief program) of the US Government as financial support in the situation of COVID-19. It also helped in improving the profitability of SDS.

The consolidated Income of the Company is Rs. 15,810.12 lakhs in the current year as compared to Rs. 19,732.35 lakhs in the previous year, i.e. a decrease of 19.88%. The consolidated Profit before Exceptional Items of Rs. 308.25 lakhs but after Taxes for the current year is Rs. 1,104.88 lakhs as compared to Rs. 1,114.01 lakhs in the previous year.

The Company doesn't have any Joint Venture or Associate Company.

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 has been uploaded on the Company's website <https://www.pradeepmetals.com/policies/>.

Pradeep Metals Limited, Inc., Houston, USA, Wholly Owned Subsidiary falls under the definition of Material Subsidiaries as mentioned above.

### 8. DEPOSITS:

The Company has not invited nor 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.

### 9. 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 9 <sup>th</sup> April, 2020)
Total Bank Loan facilities rated	Rs.10,200 lakhs
Long-term Rating	CRISIL BBB-/Stable (Reaffirmed)
Short-term Rating	CRISIL A3 (Reaffirmed)

### 10. 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 31<sup>st</sup> March, 2021. 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.

### 11. 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 Non-Independent Directors (of which one is Woman Director).

**Re- appointments:**

1. 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 the ensuing Annual General Meeting (AGM), 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.
2. 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. Jayavardhan Dhar Diwan (DIN: 01565319) is being re-appointed as an Independent Director of the Company for a second term of five years with effect from 13<sup>th</sup> May, 2022 upto 12<sup>th</sup> May, 2027. Details of his background are given in the Corporate Governance Report, which forms part of this Annual Report.

**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.

**12. 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**.

**13. 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 31<sup>st</sup> March, 2021, 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.

**14. a) 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.

- b) No Independent Director was appointed during the FY 2020-21, so a statement regarding opinion of the Board with regard to integrity, expertise and experience (including the proficiency) of the Independent Directors appointed during the year as per the Companies (Account) Rules - 8 (5) (iiiA) is not applicable.

### 15. 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.

### 16. ANNUAL EVALUATION OF THE 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 in its Meeting held on 12<sup>th</sup> February, 2021.

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.

### 17. 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, M/s. 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 31<sup>st</sup> March, 2021.

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:

<https://www.pradeepmetals.com/policies/>.



**18. 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. However, the Risk Management Committee was dissolved because of the small size of the business w.e.f. 13<sup>th</sup> May, 2017 and the Audit Committee currently looks into the Risk Management functions.

**19. 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: <https://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. 26.14 lakhs (about 80.48%) against the annual requirement of Rs. 32.48 lakhs for the year 2020-21 on CSR activities. The Unspent amount of Rs. 6.34 lakhs, 'which belonged to ongoing projects' have been transferred to Unspent CSR Account as per the requirement of latest amendment in CSR Rules dated 22<sup>nd</sup> January, 2021.

Pursuant to the latest amendment in CSR Rules dated 22<sup>nd</sup> January, 2021 the constitution of CSR Committee is not applicable where the CSR amount to be spent by a Company doesn't exceed Rs. 50 lakhs and the functions of such Committee shall be discharged by the Board of Directors.

Given the above, the Board in its meeting held on 27<sup>th</sup> May, 2021 decided to dissolve the CSR Committee. Further, the Company has formed an Internal Committee under Chief Financial Officer, where the Chief Operating Officer and the Company Secretary shall be responsible for implementation of the CSR projects/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.

**20. AUDIT COMMITTEE:**

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

**21. 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, M/s. N. A. Shah Associates LLP, Chartered Accountants (Registration No. 116560W/W100149), [formerly known as M/s. N. A. Shah Associates] were appointed in 37<sup>th</sup> AGM as the Statutory Auditors of the Company, for a term of 5 years i.e., till the conclusion of 42<sup>nd</sup> AGM of the Company to be held in year 2025.

**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 the recommendation of the Audit Committee, has re-appointed M/s. MKJ & Associates, Cost & Management Accountants, (Firm Registration No. 001352) as Cost Auditors to audit the cost accounts of the Company for financial year 2021-22 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 Members' 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 2019-20 was filed with the Ministry of Corporate Affairs on 10<sup>th</sup> December, 2020. 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, M/s. 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 31<sup>st</sup> March, 2021 is annexed to this Report as **Annexure E**.

The Board has also re-appointed M/s. Shweta Gokarn & Co. as Secretarial Auditor to conduct the Secretarial Audit of the Company for financial Year 2021-22.

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

The Company has made certain investments, given loans to Pradeep Metals Limited Inc., Houston, USA (the WOS) during the financial year aggregating to Rs. 2,109.63 lakhs (USD 2.870 Million), details of which are as follows:

- i) Equity - Rs. 463.42 lakhs (USD 0.620 Million)
- ii) Unsecured Loans - Rs. 1,646.21 lakhs (USD 2.250 Million).

The Loans carry interest rate is @ 0.50% over the Union Bank of India rate for FCL/s, obtained by the Company or RBI' minimum bond rate according to IND AS prescribed from time to time, whichever is higher and are repayable in 15 half yearly installments of USD 0.150 Million each.

As on 31<sup>st</sup> March, 2021, Company's overall investment in WOS in the form of Equity stands to Rs.1,342.53 lakhs (USD 1.978 Million) whereas the Unsecured Loans extended to WOS amount to Rs.1,827.75 lakhs (USD 2.500 Million).

## 23. 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. The Company entered into an agency agreement with WOS during financial year for International marketing and support to the customers.

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 <https://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.

## 24. 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.

**25. 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.

**26. INTERNAL FINANCIAL CONTROL SYSTEM:**

The Company has in place adequate internal financial controls, commensurate with the activities and the 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.

**27. 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.

**28. HUMAN RESOURCES:**

The Company recognizes 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 31<sup>st</sup> March, 2021, the Company had 444 permanent employees at its manufacturing plants and administrative office at Rabale, Navi Mumbai.

**29. 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.

During the financial year 2020-21 three Meetings were held of the Internal Complaints Committee on 29<sup>th</sup> September, 2020, 24<sup>th</sup> December, 2020, and 23<sup>rd</sup> January, 2021.

**30. EXTRACT OF ANNUAL RETURN AS ON 31<sup>st</sup> MARCH, 2021:**

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

**31. BOARD MEETINGS HELD DURING THE FY 2020-21:**

During the financial year 2020-21, four (4) Board Meetings were held on 29<sup>th</sup> June, 2020, 3<sup>rd</sup> September, 2020, 10<sup>th</sup> November, 2020 and 12<sup>th</sup> February, 2021 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.

**32. PROMOTER GROUP:**

**Change in Promoter and Promoter Group Shareholding:**

During the third quarter of FY 2020-21 i.e., in December, 2021 **Nami Capital Private Limited** (Promoter group entity) purchased 2,21,914 shares of the Company, comprising of 1.29 % of the total paid-up share capital of the Company, over multiple tranches.

As on date the total shareholding of Nami Capital Private Limited after the said acquisition stands to 59.03%. As a result, the overall shareholding of Promoter group has now increased from 72.20% to

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73.48%. However, it is to note that the total shareholding of the Promoters is still within the maximum permissible limit of 75.00% as stated under the SEBI SAST Regulations.

### 33. 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.

### 34. 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 re-appoint Mr. Jayavardhan Dhar Diwan (DIN: 01565319) as an Independent Director for a Second Term of five years.
2. To approve the remuneration of the Cost Auditors for the financial year ending 31<sup>st</sup> March, 2022.
3. Alteration in Object Clause of the Memorandum of Association of the Company.

### 35. 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.
- There were no application made or any proceeding pending under the Insolvency and Bankruptcy Code, 2016 (31 of 2016) during the year at the end of the financial year.
- The details of difference between amount of the valuation done at the time of one-time settlement and the valuation done while taking loan from the Banks or Financial Institutions along with the reasons thereof- **Not applicable.**

### 36. 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.

Place: Navi Mumbai

Date: 27<sup>th</sup> May, 2021

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

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

Sd/-  
**Neeru P. Goyal**  
Director  
DIN: 05017190

Sd/-  
**Kavita Choubisa Ojha**  
Chief Financial Officer  
PAN: ATTPC7818E

Sd/-  
**Nivedita Nayak**  
Company Secretary  
FCS: 8479

**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 Limited 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	01.04.2020 to 31.03.2021	01.04.2020 to 31.03.2021
3	Reporting Currency	USD	USD
4	Share capital	1446.12	2646.66
5	Reserves and Surplus	-421.56	-2569.00
6	Total Liabilities excluding share capital and reserves	4286.72	1807.92
7	Total Assets	5311.28	1885.59
8	Investments	2118.30	-
9	Turnover/Total Income	2267.11	1106.05
10	Profit before Exceptional items and Taxes	158.80	140.22
11	Exceptional items	270.00	343.74
12	Provisions for Taxation	-	-
13	Profit after Exceptional items and Taxes	-111.20	-203.52
14	Proposed Dividend	-	-
15	% of Shareholding	100%	100%

\*Exchange Rate of USD 1= Rs.73.110 for Balance Sheet items and Rs.74.099 for Profit & Loss items.

# Pradeep Metals Limited, New York, incorporated on 12<sup>th</sup> June, 2012, was merged into Pradeep Metals Limited, Inc., Houston, USA since 4<sup>th</sup> March, 2015.

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

**Part 'B': Associate and Joint Ventures**

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

Place: Navi Mumbai  
Date: 27<sup>th</sup> May, 2021

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

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

Sd/-  
**Neeru P. Goyal**  
Director  
DIN: 05017190

Sd/-  
**Kavita Choubisa Ojha**  
Chief Financial Officer  
PAN: ATTPC7818E

Sd/-  
**Nivedita Nayak**  
Company Secretary  
FCS: 8479

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### 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:

Chairman and Managing Director	Ratio to median remuneration
Mr. Pradeep Goyal	36.33

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

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

a) Change in remuneration of Chairman & Managing Director

Sr. No	Name	Remuneration p.a. (Rs. in lakhs)		% Increase/ (Decrease) in Remuneration
		2019-20	2020-21	
1	Mr. Pradeep Goyal	141.86	134.62	(5.10 %)

Other Non- Executive Directors are paid only sitting fees/commission for attending Board/Committee Meetings.

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

i) Chief Financial Officer

Sr. No	Name	Remuneration p.a. (Rs. in lakhs)		% Increase/ (Decrease) in Remuneration
		2019-20	2020-21	
1	Ms. Kavita Choubisa Ojha	15.44	15.44	NIL

ii) Company Secretary

Sr. No	Name	Remuneration p.a. (Rs. in lakhs)		% Increase/ (Decrease) in Remuneration
		2019-20	2020-21	
1	Ms. Nivedita Nayak	7.90	7.90	NIL

- III. The percentage increase in the median remuneration of employees in the financial year: NIL

- IV. The number of permanent employees on the rolls of Company: 444

- 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:

There was no increase/decrease in the salaries of the employees other than the managerial personnel. However, the percentile increase/decrease in the managerial remuneration have been mentioned in point II above.

**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 the 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 Crores 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 plus Benefits	Incentive Pay and Benefits	Total Remuneration							
1	Mr. Pradeep Goyal	65 years	Chairman and Managing Director	100.66	33.96	134.62	Contractual	Metallurgist from IIT, Kanpur with a Master's degree in Materials Science & Engineering from M.I.T., Cambridge, USA	17.12.2020	More than 41 years	Pradeep Metals Limited – Managing Director	9.12%	Spouse of Mrs. Neeru P. Goyal and father of Mr. Abhinav 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 rupees per month: None
- iii) Details of employees employed throughout the financial year or part thereof and were 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**

Place: Navi Mumbai  
Date: 27<sup>th</sup> May, 2021

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

**ANNEXURE C TO DIRECTORS' REPORT  
AUDITORS CERTIFICATE 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 31<sup>st</sup> March, 2021 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 31<sup>st</sup> March, 2021.
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 31<sup>st</sup> March, 2021, 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 number: 116560W/W100149

Sd/-

**Milan Mody**

Partner

Membership number: 103286

UDIN: 21103286AAAAACR3357

Place: Mumbai

Date: 27<sup>th</sup> May, 2021



## ANNEXURE D TO DIRECTORS' REPORT

### ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES FOR FINANCIAL YEAR 2020-21

1. **Brief outline on CSR Policy of the Company** : <https://www.pradeepmetals.com/policies/>

2. **Composition of CSR Committee:**

Sl. No.	Name of Director	Designation/ Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
a)	Mrs. Neeru P. Goyal	Non-Executive Non Independent Director-Chairperson	1	1
b)	Mr. Suresh G. Vaidya	Independent Director-Member	1	1
c)	Mr. Jayavardhan Dhar Diwan	Independent Director-Member	1	1

3.	Provide the web link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company	<a href="https://www.pradeepmetals.com/policies/">https://www.pradeepmetals.com/policies/</a>
4.	Provide the details of Impact assessment of CSR projects carried out in pursuance of sub rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable (attach the report)	N.A.
5.	Details of the amount available for set off in Pursuance of sub rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any:-	N.A.

Sl. No.	Financial Year	Amount available for set-off from preceding financial years (in Rs.)	Amount required to be set off for the financial year, if any (in Rs.)
		N.A.	

6.	Average net profit of the company as per section 135(5)	<b>Rs. 1624.16 lakhs</b>
7.	(a) Two percent of average net profit of the company as per section 135(5)	<b>Rs. 32.48 lakhs</b>
	(b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years	Nil
	(c) Amount required to be set off for the financial year, if any	Nil
	(d) Total CSR obligation for the financial year (7a+7b-7c)	<b>Rs. 32.48 lakhs</b>

8. **(a) CSR amount spent or unspent for the financial year:**

Total Amount Spent for the Financial Year.	Amount Unspent (Rs. in lakhs)				
	Total Amount transferred to Unspent CSR Account as per section 135(6).		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5).		
	Amount.	Date of transfer.	Name of the Fund	Amount.	Date of transfer.
<b>Rs. 26.14 lakhs</b>	<b>Rs. 6.34 lakhs</b>	<b>26<sup>th</sup> April, 2021</b>	-	-	-

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### (b) Details of CSR amount spent against ongoing projects for the financial year:

(Rs. in lakhs)

Sl. No.	Name of the Project.	Item from the list of activities in Schedule VII to the Act.	Local area (Yes/No).	Location of the project.		Project duration:	Amount allocated for the project	Amount spent in the current financial Year	Amount transferred to Unspent CSR Account for the project as per Section 135(6)	Mode of Implementation -Direct (Yes/No).	Mode of Implementation - Through Implementing Agency	
				State.	District.						Name	CSR Registration number.
1.	Education & Skill Development	Education Clause (ii)	Yes	Maharashtra	-	3 years	Rs. 30.00 lakhs	Rs. 23.10 lakhs	Rs. 6.34 lakhs	No	Friends of Tribal Society	CSR00001898
	<b>TOTAL</b>							<b>Rs. 23.10 lakhs</b>				

### (c) Details of CSR amount spent against other than ongoing projects for the financial year:

(Rs. in lakhs)

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
Sl. No.	Name of the Project.	Item from the list of activities in Schedule VII to the Act.	Local area (Yes/No). State.	Location of the project.		Amount spent in the project	Mode of Implementation -Direct (Yes/No).	Mode of Implementation - Through Implementing Agency	
				State	District			Name	CSR Registration number.
1.	PPE Kit distribution (COVID Relief initiative)	Health Clause (i)	Yes	Maharashtra	Mumbai	Rs. 0.10 lakhs	Yes	-	N.A.
2.	Distribution of Ration Bags (COVID Relief initiative)	Health Clause (i)	Yes	Maharashtra	Mumbai	Rs. 0.35 lakhs	No	Bombay South Rotary Charitable Trust	CSR00010372
3.	Contribution to one student's educational expense	Education Clause (ii)	Yes	Uttar Pradesh	Kanpur	Rs. 0.50 lakhs	No	IIT Kanpur	CSR00004774
4.	Career awareness to youth from disadvantaged background	Education Clause (ii)	Yes	Maharashtra	Mumbai	Rs. 0.10 lakhs	No	Antarang Foundation	CSR00002952
5.	Dilated Cardiomyopathy treatment of one Child	Health Clause (i)	Yes	Maharashtra	Mumbai	Rs. 1.00 lakhs	Yes	-	NA
6.	Donation of Ventilator (COVID Relief initiative)	Health Clause (i)	Yes	Maharashtra	Mumbai	Rs. 0.99 lakhs	No	Rotary Foundation India	Registration in process
	<b>TOTAL</b>					<b>Rs. 3.04 lakhs</b>			

(d) Amount spent in Administrative Overheads

Nil

(e) Amount spent on Impact Assessment, if applicable

Not Applicable

(f) Total amount spent for the Financial Year (8b+8c+8d+8e)

Rs. 26.14 lakhs

(g) Excess amount for set off, if any

Nil

Sl. No.	Particular	Amount (Rs. in lakhs)
(i)	Two percent of average net profit of the company as per section 135(5)	32.48
(ii)	Total amount spent for the Financial Year	26.14
(iii)	Excess amount spent for the financial year [(ii)-(i)]	-
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	-
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	-

9. (a) Details of Unspent CSR amount for the preceding three financial years:

(Rs. in lakhs)

(1)	(2)	(3)	(4)	(5)		(6)	(7)
Sl. No.	Preceding Financial Year.	Amount transferred to Unspent CSR Account under section 135 (6)	Amount spent in the reporting Financial Year	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any.			Amount remaining to be spent in succeeding financial years
				Name of the Fund	Amount	Date of transfer	
1.	2019-20	-	Rs. 25.10 lakhs	-	-	-	-
2.	2018-19	-	Rs. 17.72 lakhs	-	-	-	-
3.	2017-18	-	Rs. 12.59 lakhs	-	-	-	Rs. 4.20 lakhs
	<b>TOTAL</b>		<b>Rs. 55.41 lakhs</b>				<b>Rs. 4.20 lakhs</b>

(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Sl. No.	Project ID.	Name of the Project.	Financial Year in which the project was commenced.	Project duration.	Total amount allocated for the Project	Amount spent on the project in the reporting Financial Year	Cumulative amount spent at the end of reporting Financial Year	Status of the project - Completed /Ongoing.
1.								
2.				<b>NIL</b>				
3.								
	<b>TOTAL</b>							

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year (**asset-wise details**) - **Not Applicable**

- Date of creation or acquisition of the capital asset(s)
- Amount of CSR spent for creation or acquisition of capital asset
- Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.
- Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset)

11.	Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5)	The unspent amount of Rs. 6.34 lakhs pertains to ongoing project undertaken by the Company and same shall be utilised over a period of 1-2 financial years on the said project. As of now the amount has been deposited to a separate Bank account opened in the scheduled Bank for this purpose in the name and style of 'Unspent CSR Account Pradeep Metals Limited'
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Sd/-  
**Pradeep Goyal**  
Chairman and Managing Director  
DIN:00008370

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

Place: Navi Mumbai  
Date: 27<sup>th</sup> May, 2021

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

### SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31<sup>st</sup> MARCH, 2021

[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 31<sup>st</sup> March, 2021 ('**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 31<sup>st</sup> March, 2021 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 September 11, 2018) (**Not Applicable to the Company during the Audit Period**);
  - d) 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**);
  - e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; (**Not Applicable to the Company during the Audit Period**);
  - f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (**Not Applicable to the Company during the Audit Period**);

- h) The Securities and Exchange Board of India (Buy-Back of Securities) Regulations, 2018 (Effective from September 11, 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 Listing Agreements entered into by the Company with BSE Limited read with the SEBI (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.

**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 were no specific events/actions having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, etc.

**For Shweta Gokarn & Co.  
Company Secretaries**

Place: Navi Mumbai  
Date: 27<sup>th</sup> May, 2021

Sd/-  
**Ms. Shweta Gokarn**  
**ACS: 30393 CP No: 11001**  
**UDIN: A030393C000377047**

**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**

Place: Navi Mumbai  
Date: 27<sup>th</sup> May, 2021

Sd/-  
**Ms. Shweta Gokarn**  
**ACS: 30393 CP No: 11001**

**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 its 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 31 <sup>st</sup> March, 2021
1	Pradeep Metals Limited, Inc., Houston, USA	<b>100% Subsidiary</b>	Sales	1,469.16
			Guarantee Commission Recovered	16.90
			Agency commission expenses	90.95
			Interest on Loan Received	30.70
			Loan given to holding company	1,646.21
			Reimbursement of freight charges recovered	352.64
			Investment in Subsidiary company	463.42
<b>TOTAL</b>				<b>4,069.98</b>

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/-

**Pradeep Goyal**  
**Chairman and Managing Director**  
**DIN: 00008370**

Place: Navi Mumbai  
 Date: 27<sup>th</sup> May, 2021

**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 explore areas to further reduce the net consumption of energy. One identified area is to replace existing equipment with that of better fuel efficiency. We have envisaged a project to replace the 1T Hammer with a CNC Hammer, but the project has not picked traction due to the COVID-19 pandemic.

Design modification is an ongoing process for optimisation of yield in the forging process and this results in increased productivity with attendant reduction in the use of energy.

The Company has revived plans to set up rooftop solar system, as the Government has clarified the rules on net metering billing. Barring further disruptions due to COVID-19, the solar project should be commissioned in the FY 2021-22.

The Company is also in an advanced stage of completing a project to improve power quality with energy saving (Reactive Power Management). This will maintain the Power Factor above 0.985 and save on power consumption.

The schemes implemented in the past continue to control and reduce energy consumption.

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

- The Company has invested in a 2.1 MW windmill to reduce the carbon footprint.
- The Company has completely switched over to use of natural gas in place of liquid fuels, resulting in lower pollution.
- Moved over to Induction Furnaces from Gas fired Furnaces for higher energy efficiency.

**2. Capital investment on energy conservation equipment's:**

Capital investment of around Rs. 150.00 lakhs is planned for the new 1T CNC Hammer and Rs. 125.00 lakhs for the rooftop solar project.

**B. TECHNOLOGY ABSORPTION:****1. The efforts made towards technology absorption/development:**

- a. The Company's In-House R&D Centre, "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.
- b. The Company has absorbed the DRDO Bio-Digester technology towards setting up a STP plant in the factory premises. This is a clean technology providing the desired results with low power consumption.

**Highlights of the R&D projects during the year:**

- a. IMRC's microwave assisted technology for 'Rapid Curing of Resin Bonded Grinding Wheels' was patented in USA, China, Japan and in India last year. This process is being scaled up with multiple wheels at a time in a batch process and also to a continuous process for commercialization. Few grinding wheel manufacturers are being contacted for this. We are also in contact with a USA based investment banker to find a suitable partner for commercialization of this technology.
- b. The first phase of the project entitled "Development of Microwave Assisted Iron Making Process", which was partially funded by Steel Development Fund (SDF) of Government of India is completed. This novel process could produce a purer grade pig iron using fine



iron ore and coal powder without using expensive coke. PML filed a joint patent with Chubu University, Japan in few countries and is under examinations. This patent is granted in Ukraine (Patent No. 119264 dt. 27.05.2019), Russia (Patent No. 2705701 dt. 11<sup>th</sup> November, 2019), Japan (Patent No. 2016-539843 dt. 1<sup>st</sup> July, 2020), and Australia (Patent No. 2015300579 dt. 25<sup>th</sup> March 2021). The present technology needs continuously to be upgraded to make it more energy efficient. IMRC is planning to redesign the microwave cavity and enhance the output of the process. For this, PML has submitted a joint proposal with CSIR- Institute of Minerals & Materials Technology, Bhubaneswar and .to the Ministry of Steel, Govt. of India. It is principally approved by the expert select committee. In this project funding will be done by CSIR and Ministry of Steel. It was indicated that for this project, CSIR has already released their contribution to IMMT. But, funds from the Ministry of Steel are not yet released.

PML has begun practical use of this basic technology to perfect an engineering design where mill scales generated in PML during forging, heat treatment can be converted to value added products like pig iron containing valuable alloying metals like Ni, Cr, and Mo. Eventually, this will be a totally new product that can be offered to the steel industry and will give better returns to PML. Results are very encouraging. Further optimization and scaling up of the process is underway.

- c. A new project “Microwave Assisted Disinfestation of Food Grains” (like Rice and Wheat) was undertaken by IMRC during the last year. For this, a MOU was signed with Food Grains & Oilseeds Processing Division of ICAR-Central Institute of Post-Harvest Engg. and Technology, ICAR-CIPHET, Govt. of India, Ludhiana, Punjab. The objective of this MOU was to work together to carry out R&D activities to develop a process for Microwave Assisted Disinfestation of Rice and Wheat to enhance the storage stability of grains. Conventionally chemical fumigants like Methyl Bromide, Phosphine are used for disinfestation. However, these are not very efficient and eco-friendly chemicals, hence are being banned internationally. IMRC decided to undertake this project realizing the future need of the nation.

The batch and continuous trials conducted using microwaves indicated that for rice (Basmati & non-basmati) only a short duration microwave exposure was enough to eliminate all types of insects in all their forms, without affecting rice cooking qualities. The insects growth in untreated market sample was observed after 2 months, while in MW treated same sample, no growth of insects was observed for more than 6 months.

In case of wheat, for complete mortality of insects, microwave exposure time required was slightly higher. The untreated wheat sample from market indicated growth of insects after 2.5 months of storage, while no insect growth was observed in the same sample after MW treatment for more than 6 months.

- d. PML received the prestigious 6th CII Industrial Intellectual Property Awards 2020 for IMRC’s patent basket. As a part of the benefits of winning the Awards, CII provided a CII Industrial IP Awards logo to PML to be used for marketing and promotion of business.

An STP plant with DRDO’s Bio-Digester technology has been set up as a step to eliminate ground water contamination.

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 are: 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 from these technologies will be derived through sale of technology subsequent to granting of patents. Advanced efforts are underway through contacting user industries for commercialization

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of the developed processes. The new iron making process, which is of national importance and may prove to be a game changing technology in the near future, is being viewed as one of the flag-ship projects 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:**

No new R&D technology was imported in 2020-21. In 2016-17, a joint research was initiated with Chubu University of Japan for development of Microwave Assisted Iron Making Process using Indian iron ore. First phase of this project was completed.

**b. The year of import: 2016-17**

**c. Whether the technology has been fully absorbed:**

The original process demonstrated by Chubu University, Japan was fully absorbed and even further modified with better outcomes.

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

Technology has been fully absorbed. However, this technology and prototype plant design is the first of its kind in the world, where 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 our experience in the last few years. Focus is on developing stable refractory materials and focused microwave energy for achieving desired parameters.

**4. The expenditure incurred on Research and Development:**

a. Capital Expenditure: NIL

b. Recurring Expenditure: Rs. 17.03 lakhs

**c. Foreign exchange Earnings and Outgo 2020-21:**

	Amount
Foreign Exchange earned in terms of Actual Inflows (Export Sales) Subsidiary Loan Recovery	Rs. 8,078.80 lakhs NIL
Foreign Exchange outgo in terms of Actual outflows:	Rs. 2,302.01 lakhs
a) Professional Fees Rs.7.35 lakhs	
b) Consumables Rs. 171.57 lakhs	
c) Currency Rs. 1.48 lakhs	
d) Insurance Rs. 11.62 lakhs	
e) Equity Rs. 463. 42 lakhs	
f) Loan Rs. 1,646.21 lakhs	
e) Other Rs. 0.36 lakh	

**For and on behalf of Board of Directors**

Sd/-

**Pradeep Goyal**  
Chairman and Managing Director  
DIN: 00008370

Place: Navi Mumbai  
Date: 27<sup>th</sup> May, 2021

**ANNEXURE H TO DIRECTORS' REPORT**

Form No. MGT-9

**EXTRACT OF ANNUAL RETURN**

 As on the Financial Year ended on 31<sup>st</sup> March, 2021

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

**I. REGISTRATION AND OTHER DETAILS**

i)	CIN	L99999MH1982PLC026191
ii)	Registration Date	22 <sup>nd</sup> 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, L.B.S Marg, Vikhroli (West), Mumbai, Maharashtra 400083. Contact Person: Ms. Udaya Rao – Team Leader – Investor Relations Registry Email: udaya.rao@linkintime.co.in ; Tel no. : +91-022-49186000

**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	29.25
2	Components for Valves	29121	42.81

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

#On the basis of Gross Turnover

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES**

Sr. No.	Name of Company	Address of Company	CIN/GLN	Holding/ Subsidiary/ Associate	%of Shares held	Applicable Section
1	Nami Capital Private Limited	Plot No. PAP-R-302, 303, 304, 305 TTC Indl. Area, MIDC, Rabale Navi Mumbai MH 400701 IN	U99999MH1994PTC081920	Holding	59.03%	2(46)
2	Pradeep Metals Limited, Inc.	6930, San Antonio Street, Houston, TX 77040, USA	N.A.	Wholly Owned Subsidiary	100%	2(87)(ii)
3	Dimensional Machine Works, LLC	6930, San Antonio Street, Houston, TX 77040, USA	N.A.	Wholly Owned Step Down Subsidiary	100%	2(87)(ii)

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### IV. (i) SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

Sr No	Category of Shareholders	Shareholding at the beginning of the year - 1 <sup>st</sup> April, 2020				Shareholding at the end of the year - 31 <sup>st</sup> March, 2021				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
		<b>(A)</b>	<b>Shareholding of Promoter and Promoter Group</b>							
[1]	Indian									
(a)	Individuals/Hindu Undivided Family	24,96,327	0	24,96,327	14.4547	24,96,327	0	24,96,327	14.4547	0.0000
(b)	Central Government/State Government(s)	0	0	0	0.0000	0	0	0	0.0000	0.0000
(c)	Financial Institutions/Banks	0	0	0	0.0000	0	0	0	0.0000	0.0000
(d)	Any Other (Specify)									
	Bodies Corporate	99,72,542	0	99,72,542	57.7449	1,01,94,456	0	1,01,94,456	59.0299	1.285
	<b>Sub Total (A)(1)</b>	<b>1,24,68,869</b>	<b>0</b>	<b>1,24,68,869</b>	<b>72.1996</b>	<b>1,26,90,783</b>	<b>0</b>	<b>1,26,90,783</b>	<b>73.4846</b>	<b>1.285</b>
[2]	Foreign									
(a)	Individuals (Non-Resident Individuals/Foreign Individuals)	0	0	0	0.0000	0	0	0	0.0000	0.0000
(b)	Government	0	0	0	0.0000	0	0	0	0.0000	0.0000
(c)	Institutions	0	0	0	0.0000	0	0	0	0.0000	0.0000
(d)	Foreign Portfolio Investor	0	0	0	0.0000	0	0	0	0.0000	0.0000
(e)	Any Other (Specify)									
	<b>Sub Total (A)(2)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.0000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.0000</b>	<b>0.0000</b>
	<b>Total Shareholding of Promoter and Promoter Group(A)=(A)(1)+(A)(2)</b>	<b>1,24,68,869</b>	<b>0</b>	<b>1,24,68,869</b>	<b>72.1996</b>	<b>1,26,90,783</b>	<b>0</b>	<b>1,26,90,783</b>	<b>73.4846</b>	<b>1.285</b>
<b>(B)</b>	<b>Public Shareholding</b>									
[1]	Institutions									
(a)	Mutual Funds/UTI	0	1,100	1,100	0.0064	0	1,100	1,100	0.0064	0.0000
(b)	Venture Capital Funds	0	0	0	0.0000	0	0	0	0.0000	0.0000
(c)	Alternate Investment Funds	0	0	0	0.0000	0	0	0	0.0000	0.0000
(d)	Foreign Venture Capital Investors	0	0	0	0.0000	0	0	0	0.0000	0.0000
(e)	Foreign Portfolio Investor	0	4,100	4,100	0.0237	0	0	0	0.0000	-0.0237
(f)	Financial Institutions/Banks	0	0	0	0.0000	0	0	0	0.0000	0.0000
(g)	Insurance Companies	0	0	0	0.0000	0	0	0	0.0000	0.0000
(h)	Provident Funds/Pension Funds	0	0	0	0.0000	0	0	0	0.0000	0.0000
(i)	Any Other (Specify)									
	<b>Sub Total (B)(1)</b>	<b>0</b>	<b>5,200</b>	<b>5,200</b>	<b>0.0301</b>	<b>0</b>	<b>1,100</b>	<b>1,100</b>	<b>0.0064</b>	<b>-0.0237</b>
[2]	Central Government/State Government(s)/President of India									
	<b>Sub Total (B)(2)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.0000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.0000</b>	<b>0.0000</b>

# PRADEEP METALS LIMITED

Sr No	Category of Shareholders	Shareholding at the beginning of the year - 1 <sup>st</sup> April, 2020				Shareholding at the end of the year - 31 <sup>st</sup> March, 2021				% 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.	14,85,014	2,19,820	17,04,834	9.8717	16,61,782	2,05,420	18,67,202	10.8118	0.9401
(ii)	Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	13,29,621	0	13,29,621	7.6990	9,17,735	0	9,17,735	5.3140	-2.3850
(b)	NBFCs registered with RBI	0	0	0	0.0000	0	0	0	0.0000	0.0000
(d)	Overseas Depositories(holding DRs) (balancing figure)	0	0	0	0.0000	0	0	0	0.0000	0.0000
(c)	Any Other (Specify)									
	IEPF	3,11,712	0	3,11,712	1.8049	3,31,862	0	3,31,862	1.9216	0.1167
	Trusts	1,000	0	1,000	0.0058	1,000	0	1,000	0.0058	0.0000
	Hindu Undivided Family	1,44,006	0	1,44,006	0.8339	1,18,797	0	1,18,797	0.6879	-0.1460
	Non Resident Indians (Non Repat)	22,660	0	22,660	0.1312	23,410	0	23,410	0.1356	0.0044
	Other Directors/Relatives	6,88,612	0	6,88,612	3.9873	6,75,817	0	6,75,817	3.9132	-0.0741
	Non Resident Indians (Repat)	2,37,188	47,000	2,84,188	1.6456	2,37,219	45,600	2,82,819	1.6376	-0.0080
	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	1,543	0	1,543	0.0089	10,433	0	10,433	0.0604	0.0515
	Bodies Corporate	72,055	5,700	77,755	0.4502	1,13,342	5,700	1,19,042	0.6893	0.2391
	<b>Sub Total (B)(3)</b>	<b>42,93,411</b>	<b>5,02,520</b>	<b>47,95,931</b>	<b>27.7703</b>	<b>40,91,397</b>	<b>4,86,720</b>	<b>45,78,117</b>	<b>26.509</b>	<b>-1.2612</b>
	<b>Total Public Shareholding(B)=(B)(1)+(B)(2)+(B)(3)</b>	<b>42,93,411</b>	<b>5,07,720</b>	<b>48,01,131</b>	<b>27.8004</b>	<b>40,91,397</b>	<b>4,87,820</b>	<b>45,79,217</b>	<b>26.5154</b>	<b>-1.285</b>
	<b>Total (A)+(B)</b>	<b>1,67,62,280</b>	<b>5,07,720</b>	<b>1,72,70,000</b>	<b>100.0000</b>	<b>1,67,82,180</b>	<b>4,87,820</b>	<b>1,72,70,000</b>	<b>100.0000</b>	<b>0.0000</b>
(C)	<b>Non Promoter - Non Public</b>									
[1]	(C1) Shares Underlying DRs									
	Custodian/DR Holder	0	0	0	0.0000	0	0	0	0.0000	0.0000
	(C2) Shares Held By Employee Trust									
[2]	Employee Benefit Trust (under SEBI (Share based Employee Benefit) Regulations, 2014)	0	0	0	0.0000	0	0	0	0.0000	0.0000
	<b>Total (A)+(B)+(C)</b>	<b>1,67,62,280</b>	<b>5,07,720</b>	<b>1,72,70,000</b>	<b>100.0000</b>	<b>1,67,82,180</b>	<b>4,87,820</b>	<b>1,72,70,000</b>	<b>100.0000</b>	<b>0.0000</b>

## ii) Shareholding of Promoters

Sr No	Shareholder's Name	Shareholding at the beginning of the year - 1 <sup>st</sup> April, 2020			Shareholding at the end of the year - 31 <sup>st</sup> March, 2021			% change in shareholding during the year
		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	
1	Nami Capital Private Limited	99,72,542	57.7449	0.0000	1,01,94,456	59.0299	0.0000	1.285
2	Pradeep V. Goyal	15,76,400	9.1280	0.0000	15,76,400	9.1280	0.0000	0.0000
3	Neeru P. Goyal	9,19,927	5.3267	0.0000	9,19,927	5.3267	0.0000	0.0000
	<b>Total</b>	<b>1,24,68,869</b>	<b>72.1996</b>	<b>0.0000</b>	<b>1,26,90,783</b>	<b>73.4846</b>	<b>0.0000</b>	<b>1.285</b>

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### (iii) Change in Promoters Shareholding

Sr No.	Name & Type of Transaction	Shareholding at the beginning of the year - 1 <sup>st</sup> April, 2020		Transactions during the year		Cumulative Shareholding at the end of the year - 31 <sup>st</sup> March, 2021	
		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	Nami Capital Private Limited	99,72,542	57.7449				
	Transfer			18 <sup>th</sup> December, 2020	1,25,272	1,00,97,814	58.4703
	Transfer			25 <sup>th</sup> December, 2020	78,925	1,01,76,739	58.9273
	Transfer			31 <sup>st</sup> December, 2020	17,717	1,01,94,456	59.0299
	At the end of the year					1,01,94,456	59.0299
2	Pradeep V. Goyal	15,76,400	9.1280			15,76,400	9.1280
	At the end of the year					15,76,400	9.1280
3	Neeru P. Goyal	9,19,927	5.3267			9,19,927	5.3267
	At the end of the year					9,19,927	5.3267

### (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 - 1 <sup>st</sup> April, 2020		Transactions during the year		Cumulative Shareholding at the end of the year - 31 <sup>st</sup> March, 2021	
		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	Investor Education And Protection Fund Authority Ministry Of Corporate Affairs	3,11,712	1.8049			3,11,712	1.8049
	Transfer			09 <sup>th</sup> October, 2020	20,150	3,31,862	1.9216
	At the end of the year					3,31,862	1.9216
2	Om Global Singapore PTE Ltd	2,30,000	1.33			2,30,000	1.33
	At the end of the year					2,30,000	1.33
3	Indur Kirpalani	1,73,331	1.0037			1,73,331	1.0037
	At the end of the year					1,73,331	1.0037
4	Rakesh Prem Puri	86,882	0.5031			86,882	0.5031
	At the end of the year					86,882	0.5031
5	Laxmi Devi Madangopal Damani	74,183	0.4295			74,183	0.4295
	At the end of the year					74,183	0.4295
6	Jyoti Ketan Vakharia	0	0.0000			0	0.0000
	Transfer			25 <sup>th</sup> December, 2020	6,500	6,500	0.0376
	Transfer			19 <sup>th</sup> March, 2021	44,779	51,279	0.2969
	At the end of the year					51,279	0.2969


**PRADEEP METALS LIMITED**

Sr No.	Name & Type of Transaction	Shareholding at the beginning of the year - 1 <sup>st</sup> April, 2020		Transactions during the year		Cumulative Shareholding at the end of the year - 31 <sup>st</sup> March, 2021	
		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
7	Savita Aggarwal	50,000	0.2895			50,000	0.2895
	At the end of the year					50,000	0.2895
8	Amit Mehra	0	0.0000			0	0.0000
	Transfer			19 <sup>th</sup> March, 2021	50,000	50,000	0.2895
	At the end of the year					50,000	0.2895
9	Sudhir Golecha N	2,35,244	1.3622			2,35,244	1.3622
	Transfer			17 <sup>th</sup> April, 2020	(35,001)	2,00,243	1.1595
	Transfer			12 <sup>th</sup> February, 2021	(31,000)	1,69,243	0.9800
	Transfer			19 <sup>th</sup> March, 2021	(1,68,343)	900	0.0052
	At the end of the year					900	0.0052
10	Madhusudan N Sarda	1,92,400	1.1141			1,92,400	1.1141
	Transfer			18 <sup>th</sup> December, 2020	(96,200)	96,200	0.5570
	Transfer			25 <sup>th</sup> December, 2020	(80,000)	16,200	0.0938
	Transfer			01 <sup>st</sup> January, 2021	(16,200)	0	0.0000
	At the end of the year					0	0.0000
11	Kalpana Golecha S	1,44,436	0.8363			1,44,436	0.8363
	Transfer			18 <sup>th</sup> September, 2020	(772)	1,43,664	0.8319
	Transfer			19 <sup>th</sup> March, 2021	(1,43,664)	0	0.0000
	At the end of the year					0	0.0000

**v) Shareholding of Directors and Key Managerial Personnel**

Sl. No.	Name	Shareholding		Date	Increase/Decrease in Shareholding	Reason	Cumulative Shareholding at the end of the year 31 <sup>st</sup> March, 2021	
		No. of shares at the Beginning 1 <sup>st</sup> April, 2020/ end of the year 31 <sup>st</sup> March, 2021	% of total shares of the Company				No. of Shares	% of total shares of the Company
<b>DIRECTORS/KEY MANAGERIAL PERSONNEL</b>								
1	Mr. Pradeep Goyal	15,76,400	9.13	01.04.20	-	No movement during the year	15,76,400	9.13
		15,76,400	9.13	31.03.21	-		-	-
2	Mrs. Neeru P.Goyal	9,19,927	5.32	01.04.20	-		9,19,927	5.32
		9,19,927	5.32	31.03.21	-	-	-	
3	Dr. Kewal Krishan. Nohria	6,78,006	3.93	01.04.20	(3,795)	Market Sale	6,74,211	3.90
		6,74,211	3.90	31.03.21	-		-	-

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Sl. No.	Name	Shareholding		Date	Increase/Decrease in Shareholding	Reason	Cumulative Shareholding at the end of the year 31 <sup>st</sup> March, 2021	
		No. of shares at the Beginning 1 <sup>st</sup> April, 2020/ end of the year 31 <sup>st</sup> March, 2021	% of total shares of the Company				No. of Shares	% of total shares of the Company
4	Mr. Suresh G. Vaidya	-	-	01.04.20	-	No movement during the year	-	-
		-	-	31.03.21	-		-	-
5	Mr. Jayavardhan Dhar Diwan	-	-	01.04.20	-		-	-
		-	-	31.03.21	-		-	-
6	Mr. Kartick Maheshwari	-	-	01.04.20	-		-	-
		-	-	31.03.21	-		-	-
7	Ms. Nandita Nagpal Vohra	-	-	01.04.20	-		-	-
		-	-	31.03.21	-		-	-
8	Mr. Abhinav Goyal*	-	-	01.04.20	-		-	-
		-	-	31.03.21	-		-	-
9	Ms. Kavita Choubisa Ojha	65	0.00	01.04.20	-	65	0.00	
		65	0.00	31.03.21	-	-	-	
10	Ms. Nivedita Nayak	-	-	01.04.20	-	-	-	
		-	-	31.03.21	-	-	-	

\* Appointed as Director (Non-Executive Non- Independent) w.e.f. 25<sup>th</sup> September, 2020

### V. INDEBTNESS

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

Particulars	Amount (Rs. in lakhs)			
	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year (01.04.2020)</b>				
i) Principal Amount	6,121.95	-	-	6,121.95
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	4.20	-	-	4.20
<b>TOTAL (i+ii+iii)</b>	<b>6,126.15</b>	-	-	<b>6,126.15</b>
<b>Change in Indebtedness during the Financial year</b>				
Addition	2,224.13	-	-	2,224.13
Reduction	(2,990.19)	-	-	(2,990.19)
<b>Net Change</b>	<b>(766.06)</b>	-	-	<b>(766.06)</b>
<b>Indebtedness at the end of the financial year (31.03.2021)</b>				
i) Principal Amount	5,360.09	-	-	5,360.09
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	7.75	-	-	7.75
<b>TOTAL (i+ii+iii)</b>	<b>5,367.85</b>	-	-	<b>5,367.85</b>



**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	Total Amount
		Pradeep Goyal Chairman and Managing Director	
1	Gross salary		
	a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	100.66	100.66
	b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	8.96	8.96
	c) Profits in lieu of salary under Section 17(3) of the Income-tax Act, 1961	-	-
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 (Incentives)	25.00	25.00
	<b>TOTAL(A)</b>	<b>134.62</b>	<b>134.62</b>
	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 25 <sup>th</sup> September, 2020.	

**B. Remuneration to other Directors:**

(Rs. in lakhs)

Particulars of Remuneration	Name of Directors							Total Amount
	Kewal Krishan Nohria	Nandita Nagpal Vohra	Suresh G. Vaidya	Jayavardhan Dhar Diwan	Kartick Maheshwari	Neeru P. Goyal	Abhinav Goyal*	
<b>Independent Directors</b>								
-Fee for attending Board/ Committee meetings	-	1.25	2.50	2.25	1.25	-	-	
-Commission	-	1.00	1.00	1.00	0.50	-	-	
-Others	-	-	-	-	-	-	-	
<b>TOTAL (1)</b>	-	<b>2.25</b>	<b>3.50</b>	<b>3.25</b>	<b>1.75</b>	-	-	
<b>Other Non- Executive Directors</b>								
- Fee for attending Board/ Committee meetings	2.50	-	-	-	-	1.00	0.50	
-Commission	1.00	-	-	-	-	-	-	
-Others	-	-	-	-	-	-	-	
<b>TOTAL (2)</b>	<b>3.50</b>	-	-	-	-	<b>1.00</b>	<b>0.50</b>	
<b>GRAND TOTAL (1+2)</b>	<b>3.50</b>	<b>2.25</b>	<b>3.50</b>	<b>3.25</b>	<b>1.75</b>	<b>1.00</b>	<b>0.50</b>	<b>15.75</b>
<b>Total Managerial Remuneration (A+B)</b>	<b>150.37#</b>							
<b>Overall Ceiling as per the Act</b>	6% (5% +1% of Net Profit of the Company calculated as per section 198 of Companies Act, 2013)							

\* Appointed as Director (Non-Executive Non- Independent) w.e.f. 25<sup>th</sup> September, 2020

# 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.

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### 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		
		Kavita Choubisa Ojha- Chief Financial Officer	Nivedita Nayak- Company Secretary & Compliance Officer	Total Amount
1	Gross salary			
	a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	<b>15.44</b>	<b>7.90</b>	<b>23.34</b>
	b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	-	-	-
	c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961	-	-	-
2	Stock Option	NA	NA	NA
3	Sweat Equity	NA	NA	NA
4	Commission	-	-	-
	- as % of profit	-	-	-
5	Others	-	-	-
	- Medical	-	-	-
	- Cars	-	-	-
	- Interest Concession on Loan	-	-	-
	<b>TOTAL</b>	<b>15.44</b>	<b>7.90</b>	<b>23.34</b>

### VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES

There were no penalties, punishments or compounding of offences under the Companies Act, 2013 during the FY 2020-21.

**For and on behalf of Board of Directors**

Place: Navi Mumbai  
Date: 27<sup>th</sup> May, 2021

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

## **MANAGEMENT DISCUSSION & ANALYSIS**

### **1. GLOBAL OUTLOOK**

COVID-19 pandemic hit the world severely during 2020. While the Global economy suffered enormously in the 2<sup>nd</sup> and 3<sup>rd</sup> quarters of 2020, it showed signs of gradual revival in the last quarter. By January, 2021, it was expected to rebound on the back of vaccine approvals and return to the pre-pandemic levels by the end of 2021. It was extremely challenging to predict any kind of financial performance during this period.

This optimism was soon replaced by gloom when renewed waves and new variants of the virus posed concerns for the positive outlook. However, we have reason to believe that successful deployment and spread of effective COVID-19 vaccines, awareness about the prevention and cure and continued accommodative fiscal, financial, and monetary conditions will show positive result by the end of the year 2021, though the recovery to pre-pandemic levels is unlikely.

### **2. INDIAN ECONOMY**

In its October, 2020 report, RBI had stated that “At a time when global economic activity is besieged by the outbreak of the second wave of COVID-19, incoming data for the month of October, 2020 have brightened the near-term outlook for the Indian economy and stirred up consumer and business confidence. There are, however, formidable downside risks that confront the path of recovery.

The Organization for Economic Co-operation and Development (OECD) released its interim economic outlook report on 9<sup>th</sup> March, 2021 forecasting that India would be the fastest growing economy in 2021 and 2022. In its view, economic activity in India had moved above pre-pandemic levels despite vulnerability to risks from the spread of new mutations.

But all this changed in April, 2021. Double and triple mutants of the COVID-19 virus brought an unprecedented wave, which brought the healthcare system in India to its knees. The States have largely shown restraint in bringing a total lockdown and damage to economy may be limited, though the growth will be impacted in the first half of 2021-22.

We are hopeful that large scale vaccination drive will help India ride the storm and we will see economy return to pre-pandemic levels by the end of the third quarter.

### **3. BUSINESS ENVIRONMENT**

Steel is the basic raw material for the forging industry and typically constitutes 55-65% of the ex-factory value of forgings. As such, high steel prices have hammered the forging industry in India.

The disruption caused by the corona virus has affected the automobile industry and therefore the automotive components and forging industries too. While the industry was reviving post the pandemic, the increase in steel prices has hammered the forging industry in India. Forging steel manufacturers have hiked the price by 10% over the last six months, and have now sought a further 15% increase.

Financial Express reported that forging companies in India have been hit hard by the rise in steel prices. Association of Indian Forging Industry Director said “In 40 years I have not seen steel prices go up this much. Around 75% of input for the forging industry is steel and it directly affects the forging industry. 30% rise in the price of steel seen from the second quarter this year will hinder the revival of the domestic forging industry. For now, the OEMs in India are compensating for some of the increase in steel prices but this may not go on for long.”

### **4. BUSINESS SNAPSHOT**

Pradeep Metals Limited (PML) showed healthy growth and generated Rs.141.46 crores 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, China 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 equipment 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, in order to supplement its machining capacity and capabilities.

Looking to the rising demand for machined components, PML is expanding the machine shop capacity by importing some surplus machinery from its Step-down Subsidiary namely Dimensional Machine Works, LLC, Houston (USA). PML continues to upgrade its plant and equipment and infrastructure, on a continuous basis. It has reorganized the machinery to achieve a lean manufacturing process.

The Company entered into an agency agreement with its Wholly Owned Subsidiary (WOS), Pradeep Metals Limited, Inc., Houston, USA for International marketing and support to the customers. The WOS is entitled to receive commission @ 5% on export sales (other than export sales to subsidiaries) made by the Company from January, 2021. Apart from adding new businesses, this will help us to serve our customers falling in different time zones by faster response and service.

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 quality conscious markets to maintain its niche position in the industry. PML has been concentrating on exports for long term growth and exports above 60% of its finished goods. It has received ISO 14001:2015, ISO 45001-2018, Marine & Norsok certifications, etc. which are available on the website of the Company.

### 5. DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

Standalone financial performance of PML is summarized below:

(Rs. in lakhs)

Particulars	FY 2020-21	FY 2019-20	Change in %
Exports	7,811.51	9,891.58	-21.03
Domestic Sales	5,882.24	7,041.02	-16.46
Export Incentives	267.29	429.07	-37.70
Income from Windmill	185.16	234.16	-20.93
Other Income	217.67	232.78	-6.49

(Rs. in lakhs)

Particulars	FY 2020-21	FY 2019-20	Change in %
Total Income	14,363.87	17,828.61	-19.43
EBITDA	2,187.66	3,158.74	-30.74
Profit before Exceptional items and Taxes*	1,265.92	2,046.39	-38.14
Profit after Exceptional items but before Taxes*	957.66	1,698.45	-43.62
Profit after Exceptional items and Taxes (before Other Comprehensive income)	618.25	1,288.15	-52.00
Total Comprehensive income	645.86	1,358.90	-52.47

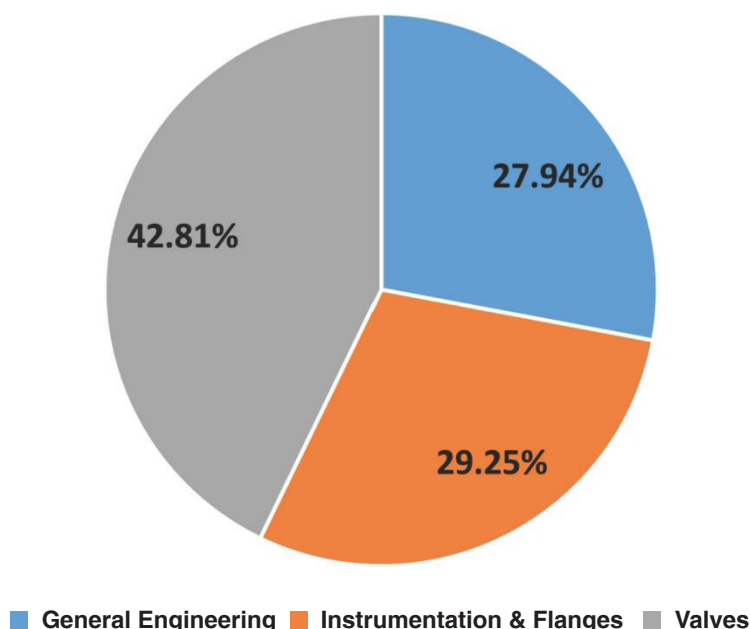
\*Exceptional items represent provisions made for impairment in the value of investment in Pradeep Metals Limited Inc., Houston, USA (WOS) of Rs. 270.00 lakhs (previous year Rs. 270.00 lakhs) and production related expenses incurred by the company during the period of nationwide lockdown declared in India. The Company's plant was shut from 22<sup>nd</sup> March,2020 to 3<sup>rd</sup> April,2020. Consequently, expenses amounting to Rs. 38.25 lakhs (previous year Rs. 77.94 lakhs) are disclosed as exceptional items.

#### 6. SEGMENT WISE OR PRODUCT WISE PERFORMANCE

Revenue from operations and other income during the current year comprised of 98.71 % of total income. Balance from wind mill is 1.29 %

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

**VERTICALS FY2020-21**



## 7. KEY FINANCIAL RATIOS (Standalone)

Particular	2020-21 (Audited)	2019-20 (Audited)	Variance
Debtors turnover ratio	2.83	3.12	9%
Inventory turnover ratio	5.07	5.74	12%
Interest coverage ratio*	4.31	4.33	-0.5%
Current Ratio	1.32:1	1.26:1	5%
Debt Equity Ratio	0.67:1	0.83:1	19%
Operating Profit Margin %	15.46%	17.95%	-14%
Net Profit Margin% <sup>@</sup>	8.95%	11.63%	-23%
Return on Net worth % <sup>@</sup>	15.85%	27.87%	-43%

\* Interest includes finance cost and bank charges.

@ Prior to provision of Exceptional items of Rs. 308.25 lakhs (previous year Rs. 347.94 lakhs)

## 8. FUTURE OUTLOOK

We have gained significant customer goodwill and confidence due to our support to their demand during the COVID-19 situation. This helped us to improve our business share and also preference for new businesses. PML's commitment and area of specialization ensures increasing demand from existing customers. New product development and targeting of new customers is a continuing process. With the PM's new mantra of self-reliant India, we have started participating in the Make II and Make III programs of Ministry of Defence (MOD). PML is gearing up to enter the Defence and aerospace business as a focus area.

PML continues to add to its in house machining capability and also to forge alliance with new machining vendors. We are planning to expand our Machining capacity further and also replace some of the old forging equipment. COVID-19 has shown the need for increased automation and implementation of IOT. This will be one of the focus points in this year.

The first Quarter of FY 2021-22 has seen improved order intake, which is expected to improve further in coming months.

## 9. OPPORTUNITIES AND THREATS

### Opportunities:

- PML's specialization in execution of low-volume high-mix orders with low lead times helps retain customers and increase business. It enables low inventories at customer end.
- PML's commitment to support customer demand during the COVID-19 situation in last one year helped us to improve the share of business.
- New product development is a focus area, which help us to mitigate the risk of obsolete product range.
- Sentiment against China has also helped PML to gain a larger share of the business from our customers.

### Threats:

- Emergence of EV market which may reduce demand for forged components.
- Labour intensive process, which gets hit during pandemics like COVID-19
- Tariff's war impacting the international trade.
- Huge spike in the prices of Steel, Consumables, Freight etc.

## **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. While no-one could have predicted pandemic like COVID-19 and provide with risk-proof measures against it, the policies of PML to insulate it against large Force Majeure events enabled it to re-start operations in a limited way, within 15 days of the imposition of the lockdown and to continue production to meet urgent requirement of the customers.

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) accountability of assets and protects 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 PML have been harmonious and cordial. The employees gave remarkable support to the Company during the COVID-19 times and continue to support the Company in meeting its targets despite the atmosphere of fear in working and commuting in these times. The Company, on its part took adequate Insurance to protect the employees from financial losses in case of COVID-19 infection or death.

A company is only as good as its people. PML's philosophy is to engage with its employees at all levels. Dedication and commitment are encouraged and rewarded. PML provides in-house training to its employees and sends them for obtaining training from various organizations. PML had a total of 444 permanent employees as on 31<sup>st</sup> March, 2021.

### **Cautionary Statement:**

Details provided hereinabove 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. PML 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 31<sup>st</sup> March, 2021 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 amendments thereof 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
  - b) The Committees of the 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. <https://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 (UPSII)' in compliance with the PIT Regulations. This Code is displayed on the Company's website viz. <https://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 31<sup>st</sup> March, 2021, the Company had 8 (Eight) Directors; of the Eight Directors, 1(One) is an Executive Director and 7 (Seven) are Non-Executive Directors, of which 4 (Four) are Independent Directors, including a Women Independent Director. The Chairman of the Company is also the Managing Director. Except the 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, law, 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 a 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 the Company holds directorship in more than 7 public Companies.
- d. The Company has appointed one of its Independent Director, Mr. Jayavardhan Dhar Diwan in it's material subsidiary- Pradeep Metals Limited Inc., Houston, USA as a Director and in Step Down Subsidiary-Dimensional Machine Works LLC, Houston, USA, as a Manager being an LLC, pursuant to the requirements of SEBI (LODR) (Amendment) Regulations, 2018.
- e. Necessary disclosures regarding the Committee positions in other public Companies as on 31<sup>st</sup> March, 2021 have been received from all the Directors.
- f. **Composition and category of Directors:**

Name of Director	DIN	Category	
Mr. Pradeep Goyal	00008370	Promoter	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. 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
Ms. Nandita Nagpal Vohra	06962408	Non-Promoter	Non-Executive & Independent Director
Mr. Abhinav Goyal #	08786430	Promoter	Non-Executive & Non-Independent Director

# Appointed as a Director (Non- Executive Non- Independent and belongs to the Promoter Group) of the Company w.e.f. 25<sup>th</sup> September, 2020.

- g. **Details of the Equity Shares held by the Directors of the Company as on 31<sup>st</sup> March, 2021 are as follows:**

Name of Director	Category	Number of Equity 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	6,74,211

- h. **Independent Directors:**

- On the basis of declarations received from all Independent Directors, the Board of Directors have 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.
- 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 Directors.

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- 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 and Managing Director of the Company serves as an Independent Director in three listed entities.
- 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 the website of the Company viz.  
<https://www.pradeepmetals.com/corporate-governance/>

### i. Board Meetings:

- The Company holds regular Board Meetings. The detailed agenda, along with the explanatory notes, is circulated to the Directors well in advance. The Directors are free to suggest inclusion of any item(s) in the agenda at the Board Meeting.
- The Company held Four (4) Board Meetings during the financial year ended 31<sup>st</sup> March, 2021.
- 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 2020-21, 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](http://www.pradeepmetals.com).
- In terms of Regulation 25 of the Listing Regulations and Schedule IV to the Companies Act, 2013, the Independent Directors met on 12<sup>th</sup> February, 2021, without the presence of Non- Independent Directors or Members of Management. The Independent Directors inter-alia, reviewed performance of individual Directors, Chairman and Managing Director of the Company and Board/Committees.

The Board periodically reviews the compliance of all laws applicable to the Company.

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

Dates of Board Meeting	29.06.2020	03.09.2020	10.11.2020	12.02.2021
Board's Strength	7	7	8	8
No. of Directors Present	7	6	8	7

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

### k. 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* (including Chairmanship)	Board Chairmanship*	Committee Membership (incl. Chairmanship)**	Committee Chairmanship**	
Mr. Pradeep Goyal	4/4	Present	3	1	6	3	1. UPL Limited- Independent Director 2. Uniphos Enterprises Ltd- Independent Director 3. Hind Rectifiers Ltd- Chairman (Non-Executive Independent Director)

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* (including Chairmanship)	Board Chairmanship*	Committee Membership (incl. Chairmanship)**	Committee Chairmanship**	
Mrs. Neeru P. Goyal	4/4	Present	NIL	NIL	NIL	NIL	NIL
Dr. Kewal Krishan Nohria	4/4	Present	3	NIL	2	1	NIL
Mr. Suresh G. Vaidya	4/4	Present	1	NIL	1	NIL	The Victoria Mills Limited-Independent Director
Mr. Jayavardhan Dhar Diwan	4/4	Present	NIL	NIL	NIL	NIL	NIL
Mr. Kartick Maheshwari	4/2	Present	NIL	NIL	NIL	NIL	NIL
Ms. Nandita Nagpal Vohra	4/4	Present	NIL	NIL	NIL	NIL	NIL
Mr. Abhinav Goyal #	2/2	N.A.	NIL	NIL	NIL	NIL	NIL

\*Excludes Directorships/Chairmanships in Private Limited Companies, Foreign Companies and Companies under Section 8 of the Companies Act.

\*\*Only Audit and Stakeholders' Relationship Committee of Indian Public Limited Companies have been considered for the Committee positions.

# Appointed as Director (Non-Executive-Non-Independent) of the Company w.e.f. 25<sup>th</sup> September, 2020.

None of the Directors is related to each other except Mr. Pradeep Goyal and Mrs. Neeru P. Goyal, who are related as husband-wife and Mr. Abhinav Goyal who is their son.

N.A. - Not Applicable.

**I. A) 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 the Company:** understanding Company's business, policies and culture (including its mission, vision, values, goals, current strategic plan and knowledge about of the industry in which Company operates.
- **Management and Leadership:** General know-how of manufacturing, supply chain, talent management and succession planning.
- **Risk, Compliance and Governance:** Governance structure, major risks and threats and potential opportunities.
- **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, strategy experience in guiding and leading the Management of Company to make decisions in dynamic business environment.
- **Finance:** Proficiency in financial management and financial reporting process.
- **Technical/Professional Skills** and specialized knowledge to assist the ongoing aspects of the business.

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### B) Directors who have such skills/expertise/competencies as identified by the Board:

Areas/Directors	About Company	Mgmt. & Leadership	Risk, Compliance & Governance	Behavioral Skills	Strategy & Planning	Financial reporting	Technical/ Professional Skills
Mr. Pradeep Goyal	✓	✓	✓	✓	✓	✓	✓
Dr. Kewal Krishan Nohria	✓	✓	✓	✓	✓	✓	✓
Mrs. Neeru P. Goyal	✓	✓	✓	✓	✓	-	✓
Mr. Suresh G. Vaidya	✓	✓	✓	✓	✓	✓	-
Mr. Jayavardhan Dhar Diwan	✓	✓	✓	✓	✓	✓	✓
Mr. Kartick Maheshwari	✓	✓	✓	✓	-	✓	✓
Ms. Nandita Nagpal Vohra	✓	✓	✓	✓	✓	✓	✓
Mr. Abhinav Goyal#	✓	✓	-	✓	✓	✓	-

# Appointed as Director (Non-Executive Non-Independent) of the Company w.e.f. 25<sup>th</sup> September, 2020.

\*The Skills/Expertise/Competencies as identified by the Board in the Meeting held on 27<sup>th</sup> May, 2021.

### m. Details of familiarization programme of the Independent Directors:

During the FY 2020-21, the Company had organized one in-house familiarization program for the Independent Directors, details of which are as mentioned in the table. The details of the program is also displayed on the Company's website viz. <https://www.pradeepmetals.com/corporate-governance/>

Date of Programme	Area Covered	Duration
3 <sup>rd</sup> September, 2020	Update on SEBI Amendment on Insider Trading Code	30 minutes

### n. Information on Directors recommended for appointment/re-appointment at the Annual General Meeting:

<b>Name of the Director</b>	Mrs. Neeru P. Goyal	Mr. Jayavardhan Dhar Diwan
<b>Director Identification Number</b>	05017190	01565319
<b>Date of Birth</b>	07/09/1958	27/12/1964
<b>Date of Appointment/ Reappointment</b>	10/08/2019 (Date of last re-appointment)	13/05/2017 (Date of last appointment)
<b>Nationality</b>	Indian	Indian
<b>Qualification</b>	B. Sc. (Physics, Chemistry and Biology) & M.A in English Literature	BE (Metallurgy) from University of Roorkee and has completed his MBA from S.P. Jain Institute of Management and Research.

<b>Expertise in specific functional areas</b>	She has over 25 years of experience in manufacturing & exporting Engineered Goods	Mr. Diwan started his career in Indian Aluminium post his Engineering degree. He moved to a career in Finance in 1993 post his MBA, as a Senior Research Analyst covering Indian Equities for W I Carr in Mumbai and New York, moving on to KBC Financial Products as Executive Director, covering Global convertible bonds, distressed companies and special situations based out of New York. Currently, he is the Managing Partner /Advisor to Odyssey India Advisory Private Limited for New York/Mumbai, focused on Convertible Bond/special situations.
<b>No. of shares held in the Company</b>	9,19,927	NIL
<b>Directorships held in other Listed Companies (excluding Foreign Companies)</b>	NIL	NIL
<b>Chairperson/Members of the Committee of the Board of Directors of the Company</b> (includes only Audit Committee and Stakeholders Relationship Committee)	NIL	1
<b>Chairman/Member of the Committee of the Board of Directors of other Public Listed Companies</b> (includes only Audit Committee and Stakeholders' Relationship Committee)	NIL	NIL
<b>Relationship with other Directors</b>	Wife of Mr. Pradeep Goyal, Chairman and Managing Director and Mother of Mr. Abhinav Goyal, Director of Company.	None
<b>No. of Board Meetings attended/Number of Meetings held</b>	4/4	4/4

### 3. COMMITTEES OF THE BOARD

The Board has Four Committees as on 31<sup>st</sup> March, 2021: Audit Committee, Nomination and Remuneration Committee, Stakeholders 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	Stakeholders Relationship Committee	CSR Committee*
Mr. Pradeep Goyal	-	-	-	-
Mrs. Neeru P. Goyal	-	-	-	Y (C)
Dr. Kewal Krishan Nohria	Y	Y	Y	-
Mr. Suresh G. Vaidya	Y	Y	Y	Y
Mr. Jayavardhan Dhar Diwan	Y	Y (C)	-	Y
Mr. Kartick Maheshwari	Y (C)	Y	-	-
Ms. Nandita Vohra	-	-	Y (C)	-
Mr. Abhinav Goyal #	-	-	-	-

(C)= Chairman

# Appointed as Director (Non-Executive Non-Independent) of the Company w.e.f. 25<sup>th</sup> September, 2020.

\* Pursuant to the latest amendment in CSR Rules dated 22<sup>nd</sup> January, 2021 the constitution of CSR Committee is not applicable where the CSR amount to be spent by a Company doesn't exceed Rs. 50 lakhs and the functions of such Committee shall be discharged by the Board of Directors.

Given the above, the Board in its meeting held on 27<sup>th</sup> May, 2021 decided to dissolve the CSR Committee. Further the Company has formed an Internal Committee under Chief Financial Officer where the Chief Operating Officer and the Company Secretary shall be responsible for implementation of the CSR projects/activities.

#### 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 Rs. 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 the financial condition and results of the 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) Quarterly statement 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 (2020-21)			
	29.06.2020	03.09.2020	10.11.2020	12.02.2021
Mr. Kartick Maheshwari- Chairman	Present	Absent	Present	Absent
Dr. Kewal Krishan Nohria	Present	Present	Present	Present
Mr. Suresh G. Vaidya	Present	Present	Present	Present
Mr. Jayavardhan Dhar Diwan	Present	Present	Present	Present

- Four Committee Meetings were held during the financial year and the gap between two meetings did not exceed one hundred and twenty days.
- The Committee invites such of the executives as it considers appropriate, representatives of the Statutory Auditors and Internal Auditors, to be present at its meetings.
- The Company Secretary acted as the Secretary to all Audit Committee Meetings.
- All the Members of the Audit Committee, except Dr. Kewal Krishan Nohria, are Independent Directors.

- The Chairman of the Audit Committee had attended the previous Annual General Meeting of the Company.
- Ms. Nivedita Nayak, Company Secretary, is the Compliance Officer to ensure compliance and effective implementation of the Insider Trading Code.

### 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 the Board of Directors.
- (iii) Recommend to the Board the appointment or re-appointment 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 the 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 (2020-21)
	29.06.2020
Mr. Jayavardhan Dhar Diwan (Chairman)	Present
Dr. Kewal Krishan Nohria	Present
Mr. Suresh G. Vaidya	Present
Mr. Kartick Maheshwari	Present

- The Company Secretary acted as the Secretary to all Nomination & Remuneration Committee Meetings.
- All the Members of the NRC, except Dr. Kewal Krishan Nohria, are Independent Directors.
- The Company does not have any Employee Stock Option Scheme.

#### **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 5<sup>th</sup> 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 the 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 the Chairman and Managing Director as Incentive for the FY 2020-21 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 is 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 the Company in the Annual General Meeting of Company held on 10<sup>th</sup> August, 2019 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. 4.50 lakhs were paid to the Directors for the financial year 2020-21 except to the Promoter Directors of the Company. (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 2020-21 are given below:

(Amount in Rs.)

Name	Sitting Fees	Commission	Total
Mrs. Neeru P. Goyal	1,00,000	NIL	1,00,000
Dr. Kewal Krishan Nohria	2,50,000	1,00,000	3,50,000
Mr. Suresh G. Vaidya	2,50,000	1,00,000	3,50,000
Mr. Jayavardhan Dhar Diwan	2,25,000	1,00,000	3,25,000
Mr. Kartick Maheshwari	1,25,000	50,000	1,75,000
Ms. Nandita Nagpal Vohra	1,25,000	1,00,000	2,25,000
Mr. Abhinav Goyal#	50,000	NIL	50,000
<b>TOTAL</b>	<b>11,25,000</b>	<b>4,50,000</b>	<b>15,75,000</b>

# Appointed as Director (Non-Executive Non-Independent) of the Company w.e.f. 25<sup>th</sup> September, 2020.

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In FY 2020-21, the Company did not advance any loans to any of the Directors.

**Details of remuneration to the Chairman and Managing Director (CMD) during the year 2020-21 are given below:**

Name of the Director	Salary (Rs.)	Benefits (Rs.)	Incentive Pay (Rs.)	Total (Rs.)	Service Contract/ Notice Period/ Severance fees/Pension
Mr. Pradeep Goyal	1,00,65,595	896,572	25,00,000	13,462,166	Re-appointed for a period of 3 years i.e. from 17.12.2020 to 16.12.2023, upon approval of Members at the 37 <sup>th</sup> AGM

### iii) **STAKEHOLDERS RELATIONSHIP COMMITTEE**

The 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 the Stakeholders Relationship Committee consisting of 3 Directors, of which 2 are Independent Directors and 1 is a Non-Executive Non-Independent Director, to look into the 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 the Stakeholders Relationship Committee (SRC) and Attendance of Members:**

Name of Director	Stakeholders Relationship Committee Meeting (2020-21)
	<b>12.02.2021</b>
Ms. Nandita Nagpal Vohra- Chairperson	Present
Dr. Kewal Krishan Nohria	Present
Mr. Suresh G. Vaidya	Present

The Company Secretary acted as the Secretary to all SRC Meetings.

**Compliance Officer:**

<b>Name of the Compliance Officer</b>	Ms. Nivedita Nayak, Company Secretary
<b>Contact Details</b>	Pradeep Metals Limited R-205, MIDC, Rabale, Navi Mumbai - 400701. Tel No (Off): +91-022-27691026 Extn: 116
<b>E-mail ID</b>	investors@pradeepmetals.com

**Details of Complaints:**

<b>Number of Shareholders' Complaints received and resolved so far</b>	<b>Number not solved to the satisfaction of shareholders</b>	<b>Number of pending complaints</b>
<b>0</b>	<b>NIL</b>	<b>NIL</b>

**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 the 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 the 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 Corporate Social Responsibility Committee (CSRC) and Attendance of Members:**

<b>Name of Director</b>	<b>Corporate Social Responsibility Committee Meetings (2020-21)</b>
	<b>29.06.2020</b>
Mrs. Neeru P. Goyal – Chairperson	Present
Mr. Jayavardhan Dhar Diwan	Present
Mr. Suresh G. Vaidya	Present

The Company Secretary acted as the Secretary to all CSR Committee Meetings.

\* Pursuant to the latest amendment in CSR Rules dated 22<sup>nd</sup> January, 2021 the constitution of CSR Committee is not applicable where the CSR amount to be spent by a Company doesn't exceed Rs. 50 lakhs and the functions of such Committee shall be discharged by the Board of Directors.

Given the above, the Board in its meeting held on 27<sup>th</sup> May, 2021 decided to dissolve the CSR Committee. Further the Company has formed an Internal Committee under Chief Financial Officer where the Chief Operating Officer and the Company Secretary shall be responsible for implementation of the CSR projects/activities.

**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. <https://www.pradeepmetals.com/policies/>

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### 5. GENERAL BODY MEETINGS

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

<b>Financial Year</b>	2017-2018	<ol style="list-style-type: none"> <li>1. Re-appointment of Dr. Kewal Krishan Nohria as Non- Executive Director of the Company who retired by rotation and had attained the age of 75 years.</li> <li>2. Approved the continuation of appointment of Mr. Omprakash Agarwal as Non- Executive Director of the Company, who had attained the age of 75 years.</li> <li>3. Approved the continuation of appointment of Mr. Suresh Vaidya as an Independent Director of the Company, who had attained the age of 75 years.</li> </ol>
<b>Date and Time</b>	14 <sup>th</sup> August, 2018 at 3.00 p.m.	
<b>Venue</b>	N.K. Mehra Memorial Hall, Thane Belapur Industries Association, P-14, MIDC, Opposite Rabale Railway Station, Rabale, Navi Mumbai- 400701.	
<b>Financial Year</b>	2018-2019	<ol style="list-style-type: none"> <li>1. Re-appointment of Mr. Suresh G. Vaidya as an Independent Director for a Second Term.</li> <li>2. To ratify remuneration paid to Mr. Abhinav Goyal for holding office or place of profit during the financial years 2015-16 to 2018-19.</li> <li>3. To ratify/approve remuneration paid to Mr. Abhinav Goyal for holding office or place of profit during the financial years 2019-20 to 2021-22.</li> <li>4. To ratify remuneration paid to Mrs. Neha Goyal for holding office or place of profit during the financial year 2018-19.</li> <li>5. To ratify/approve remuneration paid to Mrs. Neha Goyal for holding office or place of profit during the financial years 2019-20 to 2021-22.</li> <li>6. To approve revision in remuneration of Mr. Pradeep Goyal, Chairman and Managing Director of the Company.</li> </ol>
<b>Date and Time</b>	10 <sup>th</sup> August, 2019 at 3.00 p.m.	
<b>Venue</b>	N.K. Mehra Memorial Hall, Thane Belapur Industries Association, P-14, MIDC, Opposite Rabale Railway Station, Rabale, Navi Mumbai- 400701.	
<b>Financial Year</b>	2019-2020	<ol style="list-style-type: none"> <li>1. To re-appoint a Director in place of Dr. Kewal Krishan Nohria (DIN- 00060015) as a Non-Executive Non- Independent Director of the Company, who retires by rotation and who had attained the age of seventy- five years, being eligible, offers himself for re-appointment.</li> <li>2. To re-appoint Mr. Pradeep Goyal as a Chairman and Managing Director of the Company (DIN: 00008370) for a period of 3 (Three) years.</li> </ol>
<b>Date and Time</b>	25 <sup>th</sup> September, 2020 at 3.00 p.m.	
<b>Venue</b>	Through Video Conferencing (VC)/Other Audio-Visual Means (OAVM)	

#### **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/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/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](http://www.pradeepmetals.com) contains all important public domain information and also the financial results of the Company.

**Official News Releases on the 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 <https://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 SHAREHOLDER INFORMATION**
**1. Day, Date, Time & Venue of Annual General Meeting:**

The 38<sup>th</sup> General Meeting of the Members of Pradeep Metals Limited will be held through Video Conferencing/Other Audio Visual Means on Friday, 13<sup>th</sup> day of August, 2021, at 3.00 p.m.

**2. a. Financial Year of the Company: 1<sup>st</sup> April to 31<sup>st</sup> March every year.**
**b. Financial Calendar for FY 2021-22.**

Results for the quarter ending:	To be published:
Q1 – 30 <sup>th</sup> June, 2021	On or before 14 <sup>th</sup> August, 2021
Q2 – 30 <sup>th</sup> September, 2021	On or before 14 <sup>th</sup> November, 2021
Q3 – 31 <sup>st</sup> December, 2021	On or before 14 <sup>th</sup> February, 2022
Q4 – 31 <sup>st</sup> March, 2022	On or before 30 <sup>th</sup> May, 2022

**3. Dividend Payment Date:**

The Board had recommended 10% Final Dividend i.e. Re. 1 per share for each Equity share of Rs.10 each for the FY 2020-21 on 27<sup>th</sup> May, 2021.

**4. Date of Book Closure:**

From 6<sup>th</sup> August, 2021 till 12<sup>th</sup> August, 2021 (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 2021-22.

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

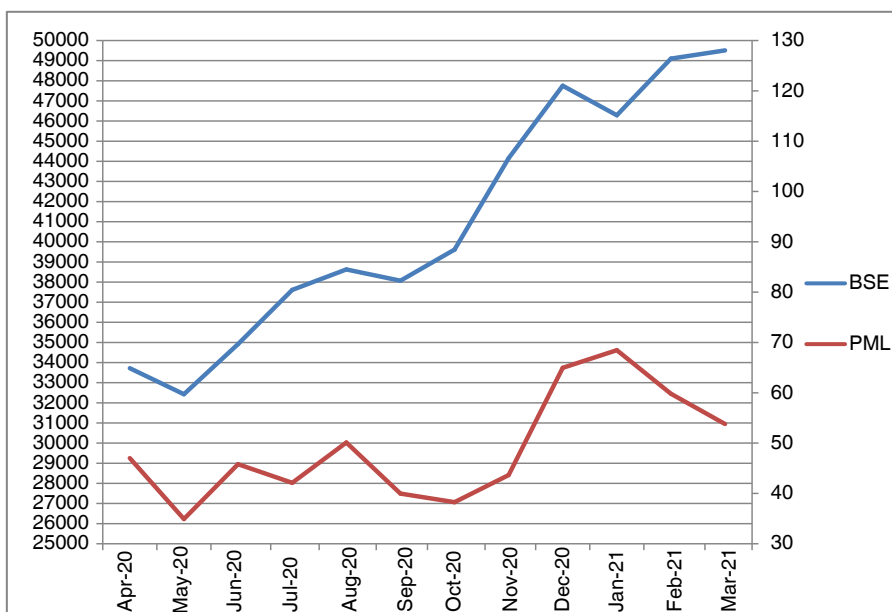
Stock Exchange	Scrip Code
BSE Limited (BSE)	513532

### 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 2020-21:

Month	High (Rs.)	Low (Rs.)	Volume
April 2020	47.00	31.10	75,102
May 2020	34.90	30.00	8,687
June 2020	45.80	32.00	25,783
July 2020	42.10	27.40	19,338
August 2020	50.10	30.00	1,38,177
September 2020	39.95	32.50	70,525
October 2020	38.25	32.60	24,082
November 2020	43.65	33.00	33,325
December 2020	64.95	37.05	5,19,288
January 2021	68.45	54.00	1,86,191
February 2021	59.80	46.00	92,811
March 2021	53.80	30.60	5,27,332

### 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.: +91-022 - 4918 6000; (Fax) +91-022- 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 31<sup>st</sup> March, 2021:**
**A. Distribution of shares according to size of holding**

No of Equity Shares held	No of Shareholders	Share Amount (Rs.)	% of Total Share Amount
1 to 5000	3,526	53,70,450.00	3.1097
5001 to 10000	391	32,75,940.00	1.8969
10001 to 20000	229	33,33,930.00	1.9305
20001 to 30000	72	18,75,620.00	1.0861
30001 to 40000	39	14,06,750.00	0.8146
40001 to 50000	39	18,42,820.00	1.0671
50001 to 100000	56	40,70,420.00	2.3569
100000 and above	54	15,15,24,070.00	87.7383
<b>Total</b>	<b>4,406</b>	<b>17,27,00,000.00</b>	<b>100.00</b>

**B. Pattern of Shareholding by categories of Shareholders**

Category	No. of Shares	% of Total Shares
Promoters	1,26,90,783	73.48
Mutual Funds and UTI	1,100	0.006
Indian Public	27,84,937	16.13
Non- Resident Indian (Non- Repat)	23,410	0.14
Non- Resident Indian (Repat)	2,82,819	1.64
Overseas Bodies Corporate	2,30,000	1.33
Directors and Relatives	6,75,817	3.91
Clearing Members	10,433	0.06
Hindu Undivided Family	1,18,797	0.69
Bodies Corporate	1,19,042	0.69
Trust	1,000	0.006
IEPF	3,31,862	1.92
<b>Total</b>	<b>1,72,70,000</b>	<b>100.00</b>

### 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 as on 31<sup>st</sup> March, 2021:

Demat: 16782180 Equity Shares – 97.16% of Share Capital.

Physical: 487820 Equity Shares – 2.82% 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, MIDC, Rabale,  
Navi Mumbai - 400701.

### 15. Address for Correspondence:

#### Investor Correspondence:

<b>i. Link Intime India Private Limited</b> C-101, 247 Park, L.B.S. Marg, Vikhroli (W), Mumbai- 400083. Contact No.: +91-022- 49186000. Email: <a href="mailto:rnt.helpdesk@linkintime.co.in">rnt.helpdesk@linkintime.co.in</a>	<b>ii. Ms. Nivedita Nayak</b> <b>Company Secretary &amp; Compliance Officer</b> Pradeep Metals Limited, R-205, MIDC, Rabale, Navi Mumbai - 400701. Tel No.: +91-22-27691026 Fax: +91-22-27691123 Email: <a href="mailto:investors@pradeepmetals.com">investors@pradeepmetals.com</a> Website: <a href="http://www.pradeepmetals.com">www.pradeepmetals.com</a> CIN: L99999MH1982PLC026191
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### 16. Legal Proceedings:

As on 31<sup>st</sup> March, 2021, 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 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. 25<sup>th</sup> September, 2020 on the website of the Company viz. [www.pradeepmetals.com](http://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 2013-14 by the Company, will be transferred to the Investor Education and Protection Fund (IEPF) on or before 4<sup>th</sup> November, 2021 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 9 <sup>th</sup> April, 2020)
Total Bank Loan facilities rated	Rs. 10,200 lakhs
Long-term Rating	CRISIL BBB-/Stable (Reaffirmed)
Short-term Rating	CRISIL A3 (Reaffirmed)

**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.

The Company has appointed its WOS Pradeep Metals Limited, Inc., Houston, USA, as the Export Marketing Agent during the year, on such terms and conditions as recommended by the Audit Committee and approved by the Board in its meeting dated 10<sup>th</sup> November, 2020 and the said terms are at arm's length basis.

The Company has not entered into any material transactions with its promoters or directors or management or relatives etc. (other than with Wholly Owned Subsidiary Company Pradeep Metals Limited, 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:**

**Year 2018-19**

**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 3<sup>rd</sup> September, 2018. However, the amount was credited on 12<sup>th</sup> 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 30<sup>th</sup> August, 2018 with effect from 1<sup>st</sup> 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.

### Year 2019-20

There was no non-compliance during Financial Year 2019-20.

### Year 2020-21

There was no non-compliance during Financial Year 2020-21.

**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 2020-21.

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

The Company's investment in Wholly Owned Subsidiary is falling within the 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 the Board for determining the material subsidiaries: <https://www.pradeepmetals.com/policies/>

**f. Web link where policy on dealing with related party transactions is disclosed:**

Below is the web link for policy adopted by the Board on dealing with Related Party transactions: <https://www.pradeepmetals.com/policies/>

**g. Commodity price risk or Foreign exchange risk and hedging activities:**

The Company has managed the foreign exchange risk with appropriate hedging activities in accordance with policies of the Company. The Company manages currency risk as per trends and experiences. The Company uses forward exchange contracts to hedge against its foreign currency exposures relating to export receivables. The Company does not enter into any derivative instruments for trading or speculative purposes.

Please refer to Notes 49 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.

The 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 M/s. 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 Financial basis is Rs. 27.98 lakhs for FY 2020-21.

- 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](http://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 31<sup>st</sup> March, 2021 forms part of the Annual Report.

### viii. 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.

### ix. Compliance with Secretarial Standards

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 AND 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 1<sup>st</sup> April, 2020 to 31<sup>st</sup> March, 2021.

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

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

Place: Navi Mumbai  
Date: 27<sup>th</sup> May, 2021

**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 31<sup>st</sup> March, 2021 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 31<sup>st</sup> March, 2021;
  2. Significant changes in accounting policies during the quarter/year ended 31<sup>st</sup> March, 2021 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.

Place: Navi Mumbai  
Date: 27<sup>th</sup> May, 2021

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

Sd/-  
**Kavita Choubisa Ojha**  
**Chief Financial Officer**  
**(PAN: ATTPC7818E)**

## 38<sup>th</sup> ANNUAL REPORT 2021

### 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 Metals Limited** (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](http://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 31<sup>st</sup> March, 2021 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/Re-appointment in Company
1.	Mr. Pradeep Vedprakash Goyal	00008370	17/12/2017
2.	Dr. Kewal Krishan Nohria	00060015	25/09/2020
3.	Mr. Abhinav Goyal	08786430	25/09/2020
4.	Mr. Suresh Gopal Vaidya	00220956	10/08/2019
5.	Mr. Jayavardhan Dhar Diwan	01565319	13/05/2017
6.	Mrs. Neeru Pradeep Goyal	05017190	10/08/2019
7.	Mrs. Nandita Nagpal Vohra	06962408	28/12/2018
8.	Mr. Kartick Maheshwari	07969734	10/11/2017

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**

**UDIN: A030393C000377124**

Place: Navi Mumbai  
Date: 27<sup>th</sup> May, 2021

Sd/-

**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 31<sup>st</sup> March, 2021, 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 Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31<sup>st</sup> March, 2021, 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 of the notes to standalone financial statements. In view of accumulated losses in the Wholly Owned Subsidiary (WOS) and Step Down Subsidiary (SDS), expected business impact of COVID-19 and provision for impairment of goodwill by SDS, the Company carried out impairment assessment in respect of its investment in WOS and loans granted to WOS. Based on such assessment, the Company has made a provision for impairment of Rs. 270 lakhs for the year ended 31<sup>st</sup> March, 2021 (aggregate impairment provision upto 31<sup>st</sup> March, 2021 is Rs. 540 lakhs). In the view of management, considering the long term and strategic nature of investment, the balance carrying value of investment would yield the required benefits and the loan given to the WOS is considered as fully recoverable. This matter was also reported under 'Emphasis of matter' paragraph in our audit report for the year ended 31<sup>st</sup> March, 2020.

Our opinion is not modified in respect of above matter. Our opinion 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 year. 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 of standalone financial statements in respect of investment made and loan granted to its WOS and Emphasis of Matter paragraph above. The Company has carried out impairment assessment for the recoverability of loans & investments into WOS as at 31<sup>st</sup> March, 2021 and has made provision

for impairment amounting to Rs. 270 lakhs for the year ended 31<sup>st</sup> March, 2021 (aggregate impairment provision upto 31<sup>st</sup> March, 2021 is Rs. 540 lakhs) for the investment in WOS. Accordingly, we determined this to be a key audit matter.

As part of our audit procedures, we have evaluated the assumptions and estimates used by the management while conducting the impairment test. We have discussed the future business outlook, the steps taken by the management to improve the performance of WOS and SDS, the budgets presented to the Board of Directors and impact on account of COVID-19 on the business operations of the WOS and SDS. In respect of loan, we have verified the balance confirmation and compliance with repayment schedule.

Based on the above and on the basis of discussion with management, the loan to WOS is considered fully recoverable and carrying value of the investment net of impairment is in order.

### 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 31<sup>st</sup> March, 2021, WIP value is Rs. 1,439.22 lakhs. The Company has multiple control points which include detailed recording of movement of WIP items in ERP System, periodical physical verification and ascertainment of stage of WIP by the management.

As part of our audit procedures, we have performed test verification of inventory during the year and also performed analytical test to validate the closing stock quantities and values of WIP. Our analytical test included (a) verification of the overall input-output ratio and inquiring the reasons for difference between standard and actual consumption & yield, (b) verifying the accuracy of the closing stock valuation work sheets (c) basis of ascertainment of stage of completion and (d) assessing the accuracy and completeness of the information used by management in comparing the cost of WIP inventory with net realizable value. The deviations 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, 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 31<sup>st</sup> March, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2021 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 31<sup>st</sup> March, 2021 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)(a), 36(A)(c) and 36(d) 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 are no amounts which were required to be transferred 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

UDIN: 21103286AAAACL7379

Place: Mumbai

Date : 27<sup>th</sup> May, 2021

**Annexure A to Independent Auditors' Report for the year ended 31st March, 2021**

[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 all the fixed assets (except dies) during the year. Further, as per the phased program, dies are physically verified once in 3 years and will be due for verification in the next financial year. In our opinion, frequency of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No 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 for which we have received confirmation from the bank.
- 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 were obtained by the Company during the year. 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 and have been properly dealt with in the books of accounts.
- iii. The Company has granted loan to one company [Wholly Owned Subsidiary (WOS)] covered in the register maintained under Section 189 of the Companies Act, 2013. 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 has 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 was not due as per revised repayment schedule 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, securities given for loan taken by WOS and investment made in WOS, the Company has complied with the provisions of Section 185 and Section 186 of the Act as applicable.
- 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 *prima facie*, 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 services tax, cess and any other statutory dues, as applicable to the Company, during the year with the appropriate authorities. There are no arrears of outstanding statutory dues as at 31<sup>st</sup> March, 2021 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 services tax, which have not been deposited with appropriate authorities on account of any dispute except demands raised for income tax aggregating to Rs.144.38 lakhs for financial years 2013-14 and 2017-18 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 necessary rectifications, we are informed that 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

UDIN: 21103286AAAACL7379

Place: Mumbai

Date: 27<sup>th</sup> May, 2021

## **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 31<sup>st</sup> March, 2021 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 inventories 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 31<sup>st</sup> March, 2021, 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

UDIN: 21103286AAAAACL7379

Place: Mumbai

Date: 27<sup>th</sup> May, 2021

**Standalone Balance Sheet as at 31st March, 2021**

(Rs. in lakhs)

Particulars	Note No.	As at 31st March, 2021	As at 31st March, 2020
<b>ASSETS</b>			
<b>I. Non-current assets</b>			
Property, plant and equipment	4.1	4,845.37	5,139.27
Right of use assets	4.2	102.70	132.64
Capital work-in-progress	4.7	145.08	194.77
Other Intangible assets	4.1	300.62	350.62
Financial assets			
(i) Non current Investments	5	802.58	609.15
(ii) Loans	6	1,827.75	189.16
(iii) Other non-current financial assets	7	48.48	50.66
Income tax assets (net)		57.61	86.57
Other non-current assets	8	300.75	351.47
		<b>8,430.94</b>	<b>7,104.32</b>
<b>II. Current assets</b>			
Inventories	9	2,632.21	2,952.00
Financial assets			
(i) Trade receivables	10	4,636.79	5,379.31
(ii) Cash and cash equivalents	11	2.82	3.38
(iii) Bank balances other than (ii) above	11	28.28	33.29
(iv) Loans	12	6.05	6.66
(v) Other current financial assets	13	312.27	199.89
Other current assets	14	334.23	238.46
		<b>7,952.65</b>	<b>8,812.99</b>
		<b>16,383.59</b>	<b>15,917.30</b>
<b>TOTAL ASSETS</b>			
<b>EQUITY AND LIABILITIES</b>			
<b>III. Equity</b>			
Equity share capital	15	1,727.00	1,727.00
Other equity		6,259.40	5,613.50
<b>TOTAL EQUITY</b>		<b>7,986.40</b>	<b>7,340.50</b>
<b>LIABILITIES</b>			
<b>IV. Non-current liabilities</b>			
<b>Financial liabilities</b>			
(i) Borrowings	17	1,906.29	1,036.91
(ii) Lease liabilities	38	39.49	69.87
Provisions	18	25.01	26.97
Deferred tax liabilities (net)	20	386.70	446.30
		<b>2,357.49</b>	<b>1,580.06</b>
<b>V. Current liabilities</b>			
<b>Financial liabilities</b>			
(i) Borrowings	20	2,296.88	4,266.86
(ii) Trade payable	21		
- Due to micro and small enterprises		22.91	24.21
- Due other than to micro and small enterprises		1,809.83	992.08
(iii) Lease liabilities	38	30.38	27.50
(iv) Other current financial liabilities	22	1,696.24	1,453.54
Other current liabilities	23	45.41	66.95
Provisions	24	130.85	162.77
Current tax liabilities (net)		7.20	2.84
		<b>6,039.70</b>	<b>6,996.75</b>
		<b>8,397.19</b>	<b>8,576.81</b>
		<b>16,383.59</b>	<b>15,917.30</b>
<b>TOTAL LIABILITIES</b>			
<b>TOTAL EQUITY &amp; LIABILITIES</b>			
<b>Significant accounting policies &amp; other notes</b>	<b>1 to 57</b>		

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: 27<sup>th</sup> May, 2021

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

Chairman and Managing Director

DIN: 00008370

**Nivedita Nayak**

Company Secretary

Membership No. F8479

**Neeru Goyal**

Director

DIN: 05017190

**Kavita Choubisa Ojha**

Chief Financial Officer

# 38<sup>th</sup> ANNUAL REPORT 2021

## Standalone Statement of Profit and Loss for the year ended 31st March, 2021

(Rs. in lakhs except share and per share data)

Particulars	Note No.	Year ended 31st March, 2021	Year ended 31st March, 2020
<b>INCOME</b>			
Revenue from operations	25	14,146.19	17,595.83
Other income	26	217.67	232.78
<b>Total Income</b>		<b>14,363.86</b>	<b>17,828.61</b>
<b>EXPENSES</b>			
Cost of material consumed	27	5,608.47	7,974.22
Changes in inventories of work-in-progress, finished goods and scrap	28	389.44	(173.19)
Manufacturing expenses	29	3,061.76	3,645.13
Employee benefit expenses	30	2,088.74	2,121.82
Finance costs	31	382.15	614.72
Depreciation and amortization expense	4.1	539.59	497.63
Other expenses	32	1,027.79	1,101.89
<b>Total Expenses</b>		<b>13,097.94</b>	<b>15,782.22</b>
Profit before exceptional items and tax		1,265.92	2,046.39
Less: Exceptional items	33	308.26	347.94
<b>Profit before tax</b>		<b>957.66</b>	<b>1,698.45</b>
<b>Tax expense</b>			
- Current tax		356.45	483.68
- Deferred tax charge/(credit)		(26.15)	(45.15)
- Income tax of earlier years (net)		9.11	(28.24)
		339.41	410.30
<b>Profit for the year (A)</b>		<b>618.25</b>	<b>1,288.15</b>
<b>Other Comprehensive Income</b>			
(i) Items that will not be reclassified to profit or loss			
- Remeasurement gain/(losses) on defined benefit plans	34	36.90	94.53
(ii) Income tax relating to items that will not be reclassified to profit or loss	34	(9.29)	(23.79)
<b>Total (1)</b>		<b>27.61</b>	<b>70.74</b>
(i) Items that will be reclassified to profit or loss		-	-
(ii) Income tax relating to items that will be reclassified to profit or loss		-	-
<b>Total (2)</b>		<b>-</b>	<b>-</b>
<b>Other Comprehensive Income (1+2) (B)</b>		<b>27.61</b>	<b>70.74</b>
<b>Total Comprehensive Income (A+B)</b>		<b>645.86</b>	<b>1,358.90</b>
Earnings per equity share	35		
(a) Basic (Face value of Rs. 10 each)		3.58	7.46
(b) Diluted (Face value of Rs. 10 each)		3.58	7.46
<b>Significant accounting policies &amp; other notes</b>	<b>1 to 57</b>		

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: 27<sup>th</sup> May, 2021

**For and on behalf of the Board of Directors of**

**Pradeep Metals Limited**

**Pradeep Goyal**

Chairman and Managing Director

DIN: 00008370

**Nivedita Nayak**

Company Secretary

Membership No. F8479

**Neeru Goyal**

Director

DIN: 05017190

**Kavita Choubisa Ojha**

Chief Financial Officer



**Standalone Cash Flow Statement for the year ended 31st March, 2021**

(Rs. in lakhs)

Particulars	Note	2020-2021		2019 - 2020	
		Rs.	Rs.	Rs.	Rs.
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>					
<b>Net profit/(loss) before taxation</b>			957.66		1,698.45
Adjustments for:					
Depreciation and amortization (net)		546.40		509.21	
Allowance for doubtful debts		3.04		0.28	
Allowance for doubtful advance		50.00		1.95	
Amount no longer payable written back		23.60		-	
Unrealised foreign exchange (gain)/loss (net)		(145.59)		(56.11)	
(Profit)/loss on sale/discard of fixed asset (net)		61.73		66.58	
Impairment of investment/goodwill (exceptional item)		270.00		270.00	
Interest expenses		382.15		614.72	
Interest income		(32.46)		(37.80)	
			1,158.88		1,368.83
<b>Operating profit before changes in assets and liabilities</b>			<b>2,116.55</b>		<b>3,067.28</b>
Movements in working capital : [Current and Non-current]					
(Increase)/decrease in other assets and other financial assets		(224.08)		492.80	
(Increase)/decrease in inventories		319.78		226.44	
(Increase)/decrease in trade receivable		748.21		798.81	
Increase/(decrease) in trade payable, other liabilities, provisions and other financial liabilities		766.27	1,610.17	(529.79)	988.26
			<b>3,726.72</b>		<b>4,055.54</b>
Adjustment for:					
Direct taxes paid (net of refund)			(373.10)		(448.38)
Net cash generated/(used in) from operating activities...(A)			<b>3,353.60</b>		<b>3,607.16</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>					
Purchase of fixed assets (tangible/intangible) (Including capital advances and work in progress)		(196.57)		(656.42)	
Sale of fixed asset		-		1.28	
(Increase)/decrease in other bank balances and non-current assets [Other than cash and cash equivalent]		5.01		(1.04)	
Investments made in Wholly Owned Subsidiary		(463.42)		-	
Loan to Wholly Owned Subsidiary		(1,646.21)		-	
Interest received		18.67		37.80	
		<b>(2,282.52)</b>		<b>(618.38)</b>	
Adjustment for:					
Less: Direct taxes paid [including tax deducted at source]		(1.87)		(3.78)	
<b>Net cash generated/(used in) from investing activities...(B)</b>			<b>(2,284.39)</b>		<b>(622.16)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>					
Proceeds from long term borrowing		2,214.36		315.58	
Repayment of long term borrowing		(969.50)		(874.97)	
Payment of lease liabilities		(36.00)		(24.90)	
Increase/(decrease) in working capital loan (Net)		(1,913.70)		(1,408.65)	
Dividend/interim dividend paid (Including dividend distribution tax)		-		(416.40)	
Interest paid		(364.93)		(615.86)	
<b>Net cash generated/(used) from financing activities...(C)</b>			<b>(1,069.77)</b>		<b>(3,025.20)</b>
Net increase/(decrease) in cash and cash equivalents...(A + B + C)			<b>(0.56)</b>		<b>(40.20)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	11 & 53	3.38		43.59	
<b>Cash and cash equivalents at the end of the year</b>		2.82		3.38	
<b>Net increase/(decrease) in cash and cash equivalents</b>			<b>(0.56)</b>		<b>(40.20)</b>
<b>Significant accounting policies &amp; other notes</b>	1 to 57				

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: 27<sup>th</sup> May, 2021

**For and on behalf of the Board of Directors of  
 Pradeep Metals Limited**
**Pradeep Goyal**  
 Chairman and Managing Director  
 DIN: 00008370

**Nivedita Nayak**  
 Company Secretary  
 Membership No. F8479

**Neeru Goyal**  
 Director  
 DIN: 05017190

**Kavita Choubisa Ojha**  
 Chief Financial Officer

**Statement of changes in equity for the year ended 31<sup>st</sup> March, 2021**

Particulars	Equity share capital	Reserves and surplus (A)		Comprehensive Income (B)	Total other equity (A+B)
		Security Premium (refer note 17)	General reserves		
<b>For the year ended 31<sup>st</sup> March, 2020</b>					
<b>Balance at 1st April 2019</b>	1,727.00	515.98	211.60	(59.73)	4,671.03
Profit for the year	-	-	-	-	1,288.15
Remeasurements gains/(loss) on defined benefit plan	-	-	-	70.74	70.74
<b>Transaction with owners in their capacity as owners</b>					
Final equity dividend for FY 2018-19	-	-	-	-	172.70
Tax on final equity dividend	-	-	-	-	35.50
Interim dividend for FY 2019-20	-	-	-	-	172.70
Tax on interim equity dividend	-	-	-	-	35.50
<b>Balance as at 31<sup>st</sup> March, 2020</b>	<b>1,727.00</b>	<b>515.98</b>	<b>211.60</b>	<b>11.00</b>	<b>5,613.50</b>
<b>For the year ended 31<sup>st</sup> March, 2021</b>					
<b>Balance at 1st April 2020</b>	1,727.00	515.98	211.60	11.00	5,613.50
Profit for the year	-	-	-	-	618.25
Remeasurements gains/(loss) on defined benefit plan	-	-	-	27.61	27.61
<b>Transaction with owners in their capacity as owners</b>					
Final equity dividend for FY 2019-20	-	-	-	-	-
Tax on final equity dividend	-	-	-	-	-
Interim dividend for FY 2020-21	-	-	-	-	-
Tax on interim equity dividend	-	-	-	-	-
<b>Balance as at 31st March, 2021</b>	<b>1,727.00</b>	<b>515.98</b>	<b>211.60</b>	<b>38.61</b>	<b>6,259.40</b>
<b>Significant accounting policies &amp; other notes</b>			<b>1 to 57</b>		

**i) Securities premium**

Securities premium is used to record premium on issue of shares. The reserve is utilised in accordance with the provisions of Companies Act, 2013.

**ii) General Reserve**

General Reserve is used from time to time to transfer profits from retained earnings for appropriation purposes.

**iii) Retained earnings**

Retained earnings represent the accumulated earnings net of losses if any made by the Company over the years.

**iv) Other comprehensive Income - Defined benefit obligation**

The reserve represents the remeasurement gains/(losses) arising from the actuarial valuation of the defined benefit obligations of the Company. The remeasurement gains/(losses) are recognised in other comprehensive income and accumulated under this reserve within equity. The amounts recognised under this reserve are not reclassified to profit or loss.

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: 27<sup>th</sup> May, 2021

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

**Pradeep Goyal**

Chairman and Managing Director

DIN: 00008370

**Nivedita Nayak**

Company Secretary

Membership No. F8479

**Neeru Goyal**

Director

DIN: 05017190

**Kavita Choubisa Ojha**

Chief Financial Officer

## Notes on standalone Ind AS financial statements for the year ended 31<sup>st</sup> March, 2021

### 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 27<sup>th</sup> May 2021.

### 2. Basis of preparation

#### 2.1. Statement of compliance

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 with relevant amendment rules issued thereafter and guidelines issued by the Securities and Exchange Board of India.

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

#### 2.2. Basis of preparation and presentation

These standalone financial statements have been prepared on the historical cost convention and on accrual basis except for the following assets and liabilities which have been measured at fair value:

- i. Certain financial assets and liabilities (including derivative instruments);
- ii. Defined benefit plans – plan assets;

The financial statements are in accordance with Division II of Schedule III to the Act, as applicable to the Company.

#### 2.3. Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (‘the functional 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.

#### 2.4. 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 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 the asset or liability, either directly or indirectly

Level 3 – Unobservable inputs for the asset or liability

For assets and liabilities that are recognized 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”.

### **2.5. 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 recognized 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. 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. 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/amortization 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/amortization and decommissioning costs are critical to the Company's financial position and performance.

#### **ii) Recognition of “Right of use” of assets as per the requirement of Ind AS 116 (Refer note 3.12, 4.2, 38)**

iii) 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 involve 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.

iv) 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.

v) 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.

vi) 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 recognized 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 recognized 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 unrecognized deferred tax assets.

vii) 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 mortality rate is based on publicly available mortality tables for India. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on management policy for increase in basic salary.

viii) Impairment of investment in subsidiaries

In the opinion of the management, investments in 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. Impairment is made in the value of investment of subsidiary based on the assessment carried out by the Company.

ix) 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.

x) 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.

### 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 recognized 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 recognized 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

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Particulars	Useful life
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.

Advances paid towards the acquisition of property, plant and equipment outstanding at each Balance Sheet date is classified as capital advances under "Other non-current assets". Cost of assets under construction/acquisition/not put to use at the Balance sheet date are disclosed under "Capital work-in-progress".

### De-recognition

An item of property, plant and equipment and any significant part initially recognized is de-recognized 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-recognized.

### 3.3. Intangible assets and amortization

#### 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
ERP software	10 Years
Other Softwares	3 Years
Microwave Composite Heating Furnace project (SDF)	7 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 recognized 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 amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized over the period of expected future benefit. Amortization expense is recognized in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

### **3.5. Inventories**

Inventories consists of raw materials, consumables, dies, work-in-progress and scrap. 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**

The policy for Revenue as presented in the Company's financial statements are as under:

- o The Company recognizes 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
- o Sale of goods is recognized 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 Goods and Service Tax (GST), 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.

- o Revenue from export sales are recognized 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.
- o Sale of services is recognized 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 recognized over the period of contract on pro-rata basis.

- o Revenue from sales of electricity is recognized 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.
- o Export incentives/benefits are recognized 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.
- o Revenues from die design and preparation charges are recognized as per the terms of the contract as and when services are rendered.
- Other income
  - o Income from guarantee commission is recognized as a percentage of guarantee given on annual basis.
  - o Dividend income is recognized when the Company's right to receive the payment is established, which is generally when shareholders/board of directors approve the dividend as applicable.
  - o Interest income is recognized 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 cost less accumulated impairment. Where an indication of impairment exists, the carrying amount of the investment is assessed. Where the carrying amount of an investment is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount and the difference is transferred to the statement of profit and loss. On disposal of investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the statement of profit and loss.

### 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 deducted from the cost of the asset and the net amount of the asset is capitalized

### 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 are recognized 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 recognized 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 recognized in statement of profit and loss or other comprehensive income is also recognized in statement of profit or loss or other comprehensive income respectively).

### 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 recognized 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 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 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 recognized under finance cost.

Gains or losses on the curtailment or settlement of defined benefit plan are recognized 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. Operating Segments**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (CODM). Operating Segments are defined as components of an enterprise for which discrete financial information is available that is evaluated regularly by the CODM, in deciding how to allocate resources and assessing performance.

### **3.12. 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.

### 3.13. Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company has elected not to recognize right of use assets and lease liabilities for leases of low-value assets and short-term leases. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices.

The Company recognizes a right of use asset and a lease liability at the lease commencement date. The right of use asset is initially measured at cost, which comprise of the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date net of lease incentive received, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located.

The right of use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any re-measurement of the lease liability. The right of use asset is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right of use asset unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right of use asset reflects that the Company will exercise a purchase option. In that case the right of use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property, plant and equipment. The estimated useful lives of right of use assets are determined on the same basis as those of property, plant and equipment.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. The lease liability is measured at amortized cost using the effective interest method.

Identification of a lease requires significant judgment. The Company uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate. The Company determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option. In assessing whether the Company is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the Company to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Company revises the lease term if there is a change in the non-cancellable period of a lease.

### **3.14. 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 recognized for all taxable temporary differences, and deferred tax assets are recognized 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 utilized.

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 recognized 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 recognized 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 unrecognized deferred tax assets. It recognizes previously unrecognized deferred tax assets to the extent that it has become probable that future taxable profit allow deferred tax assets to be recovered.

Dividend distribution tax arising out of payment of dividends to shareholders under the Indian Income Tax Act regulation are recognized in statement of changes in equity as part of associated dividend payment.

### **3.15. 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.

### **3.16. 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.

### **3.17. Provisions, contingent liabilities, contingent assets**

A provision is recognized 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 recognized 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 recognize a contingent asset but discloses its existence in the financial statements if the inflow of economic benefits is probable. However, when the realization of income is virtually certain, then the related asset is no longer a contingent asset, but it is recognized as an asset.

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

### 3.18. 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.

### 3.19. 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 recognized immediately in profit or loss.

#### 3.19.1. Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized 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 recognized financial assets are subsequently measured in their entirety at either amortized 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 amortized 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 amortized 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 recognized on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL. Interest income is recognized 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 recognized 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 recognized 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 recognized 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 recognized in profit or loss. The net gain or loss recognized 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 recognized 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 valued through 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, unless there 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-recognizes 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 recognizes 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 recognize the financial asset and also recognizes a collateralized 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 recognized in other comprehensive income and accumulated in equity is recognized in profit or loss if such gain or loss would have otherwise been recognized 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 recognize under continuing involvement, and the part it no longer recognizes 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 recognized and the sum of the consideration received for the part no longer recognized and any cumulative gain or loss allocated to it that had been recognized in other comprehensive income is recognized in profit or loss if such gain or loss would have otherwise been recognized in profit or loss on disposal of that financial asset. A cumulative gain or loss that had been recognized in other comprehensive income is allocated between the part that continues to be recognized and the part that is no longer recognized on the basis of the relative fair values of those parts.

### **3.19.2. 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 recognized at the proceeds received, net of direct issue costs. Repurchase of the Company's own equity instruments is recognized and deducted directly in equity. No gain or loss is recognized 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 amortized 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 recognized 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 recognized 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 recognized in profit or loss. The net gain or loss recognized 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 recognized 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 recognized in profit or loss. The remaining amount of change in the fair value of liability is always recognized in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognized 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 recognized in profit or loss.

#### **Financial liabilities subsequently measured at amortized cost**

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortized cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortized cost are determined based on the effective interest method. Interest expense that is not capitalized 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 amortized 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 recognized less, when appropriate, the cumulative amount of income recognized in accordance with the principles of Ind AS 115.

### **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 recognized 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 recognized gains, losses (including impairment gains or losses) or interest.

### **De-recognition of financial liabilities**

The Company de-recognizes 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-recognized and the consideration paid and payable is recognized in profit or loss.

### **3.20. New Ind AS & amendments to existing Ind AS issued but not effective as at 31<sup>st</sup> March, 2021**

Ministry of Corporate Affairs has not notified new standards or amendments to the existing standards which would have been effective from 1<sup>st</sup> April, 2021.

**Notes on standalone financial statements for the financial year ended 31st March, 2021**  
**4.1 Property, plant & equipment and intangible assets as at 31st March, 2021**

(Rs. in lakhs)

Particulars	Gross block			Depreciation/amortization			Net block As at 31st March, 2021
	As at 1st April, 2020	Additions	Deductions	As at 31st March, 2021	As at 1st April, 2020	For the year	
<b>Property, plant &amp; equipment (Tangible assets)</b>							
Freehold land	56.70	-	-	56.70	-	-	56.70
Factory buildings	1,728.07	23.07	-	1,751.14	181.92	74.21	1,495.01
Plant and machinery	2,416.53	169.28	84.57	2,501.24	704.24	197.71	1,679.36
Microwave Machinery	149.10	-	-	149.10	149.10	-	-
Windmill	1,246.22	-	-	1,246.22	223.45	56.21	966.56
Electrical installation	89.84	2.54	-	92.38	27.21	7.73	57.44
Office equipment	5.82	2.95	1.29	7.48	1.08	1.63	5.96
Computers	31.07	4.44	1.51	34.00	10.45	6.06	18.93
Furniture and fixtures	67.68	2.40	-	70.08	18.48	7.00	44.60
Vehicles	91.83	0.06	-	91.89	46.64	10.96	34.29
Dies	952.89	19.71	103.08	869.52	334.46	95.13	486.52
<b>Sub-total (A)</b>	<b>6,835.75</b>	<b>224.45</b>	<b>190.45</b>	<b>6,869.75</b>	<b>1,697.03</b>	<b>456.64</b>	<b>4,845.37</b>
<b>Intangible assets</b>							
Software (Other than internally generated)	88.19	2.45	-	90.64	41.56	11.18	37.90
Microwave Technology Composite Heating Furnace (SDF)	304.10	-	-	304.10	0.11	41.27	262.72
<b>Sub-total (B)</b>	<b>392.29</b>	<b>2.45</b>	<b>-</b>	<b>394.74</b>	<b>41.67</b>	<b>52.45</b>	<b>300.62</b>
<b>Total [(A) + (B)]</b>	<b>7,228.04</b>	<b>226.90</b>	<b>190.45</b>	<b>7,264.49</b>	<b>1,738.70</b>	<b>509.09</b>	<b>5,145.99</b>

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### 4.2 Right of use asset

(Rs. in lakhs)

Particulars	Building	Leasehold Land	Total
<b>Gross carrying value</b>			
<b>Balance as at 31st March, 2019</b>	-	-	-
Additions in 2019-2020	122.27	55.81	178.08
Deletions in 2019-2020	-	-	-
<b>Balance as at 31st March, 2020</b>	<b>122.27</b>	<b>55.81</b>	<b>178.08</b>
Additions in 2020-2021	-	-	-
Deletions in 2020-2021	-	-	-
<b>Balance as at 31st March, 2021</b>	<b>122.27</b>	<b>55.81</b>	<b>178.08</b>
<b>Accumulated amortization</b>			
<b>Balance as at 31st March, 2019</b>	-	-	-
Reclassification in 2019-20	-	15.50	15.50
Charge for the year 2019-20	29.35	0.60	29.94
Deletions in 2019-2020	-	-	-
<b>Balance as at 31st March, 2020</b>	<b>29.35</b>	<b>16.09</b>	<b>45.44</b>
Charge for the year 2020-2021	29.35	0.60	29.94
Deletions in 2020-2021	-	-	-
<b>Balance as at 31st March, 2021</b>	<b>58.70</b>	<b>16.69</b>	<b>75.38</b>
<b>Net carrying amount</b>			
Balance as at 31st March, 2020	92.93	39.71	132.64
<b>Balance as at 31st March, 2021</b>	<b>63.57</b>	<b>39.12</b>	<b>102.70</b>

### 4.3 Net depreciation as per statement of profit & loss

(Rs. in lakhs)

Particulars	2020-21	2019-20
Depreciation on Property, plant & equipment and intangible assets (including CWIP)	516.46	479.27
Depreciation on Right of use assets	29.94	29.94
Less: Depreciation shown under exceptional items (Refer note 33)	(6.81)	(11.58)
<b>Net depreciation as per statement of profit &amp; loss</b>	<b>539.59</b>	<b>497.63</b>

**4.4 Property, plant & equipment and intangible assets as at 31st March, 2020**

Particulars	Gross block			Depreciation/amortization			Net block	
	As at 1st April, 2019	Additions	Deductions	As at 31st March, 2020	As at 1st April, 2019	For the year	On deductions	As at 31st March, 2020
<b>Property, plant &amp; equipment (Tangible assets)</b>								
Freehold land	56.70	-	-	56.70	-	-	-	56.70
Factory buildings	1,488.07	240.00	-	1,728.07	124.34	57.58	-	1,546.15
Plant and machinery	1,760.35	678.99	22.80	2,416.53	500.51	225.39	21.65	1,712.29
Microwave Machinery	149.10	-	-	149.10	149.10	-	-	149.10
Windmill	1,246.22	-	-	1,246.22	167.19	56.26	-	1,022.77
Electrical installation	88.03	5.97	4.17	89.84	23.43	7.55	3.77	62.63
Office equipment	5.43	1.53	1.14	5.82	0.70	1.46	1.08	4.74
Computers	27.53	8.44	4.90	31.07	8.37	6.91	4.83	20.61
Furniture and fixtures	66.17	4.43	2.92	67.68	14.01	7.09	2.62	49.20
Vehicles	91.96	0.22	0.35	91.83	35.14	11.67	0.16	46.64
Dies	1,014.59	42.02	103.72	952.89	279.49	93.00	38.04	618.43
<b>Sub-total (A)</b>	<b>5,994.15</b>	<b>981.60</b>	<b>140.01</b>	<b>6,835.75</b>	<b>1,302.28</b>	<b>466.90</b>	<b>72.15</b>	<b>1,697.03</b>
Intangible assets								
Software (Other than internally generated)	87.45	0.74	-	88.19	29.30	12.26	-	41.56
Microwave Technology Composite Heating Furnace (SDF) (Refer note 4.5 below)	-	304.10	-	304.10	-	0.11	-	303.99
<b>Sub-total (B)</b>	<b>87.45</b>	<b>304.84</b>	<b>-</b>	<b>392.29</b>	<b>29.30</b>	<b>12.37</b>	<b>-</b>	<b>41.67</b>
<b>Total [(A) + (B)]</b>	<b>6,081.60</b>	<b>1,286.45</b>	<b>140.01</b>	<b>7,228.04</b>	<b>1,331.58</b>	<b>479.27</b>	<b>72.15</b>	<b>1,738.70</b>

**4.5** During the previous year, the Company had capitalised microwave composite heating furnace project net of government grant of Rs. 214.00 lakhs in accordance with Ind AS 20 - Accounting for Government Grants and Disclosure of Government Assistance.

**4.6** Factory Building is constructed on Leasehold Land (operating lease).

**4.7 Movement of capital work in progress**

Particulars	2020-21			2019-20				
	P & M	Building	Others	Total	P & M	Building	Others	Total
Opening capital work in progress	148.04	46.72	-	194.76	536.48	121.73	0.48	658.69
Add: Addition during the year	41.10	11.63	65.87	118.60	236.84	162.22	-	399.06
Less: Assets capitalized/reversed during the year	143.06	18.34	6.88	168.28	625.28	237.23	0.48	862.98
<b>Closing capital work in progress</b>	<b>46.08</b>	<b>40.01</b>	<b>58.99</b>	<b>145.08</b>	<b>148.04</b>	<b>46.72</b>	<b>-</b>	<b>194.76</b>

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### 4.8 Movement of intangible assets under development

(Rs. in lakhs)

Particulars	2020-21	2019-20
Opening intangible under development	-	431.74
Add: Additions during the year	-	86.36
Less: Reversed during the year	-	-
Less: Intangible capitalized during the year	-	518.10
<b>Closing intangible asset under development</b>	<b>-</b>	<b>-</b>

### 4.9 Details of direct expenses and allocated indirect expenses incurred for intangible assets under development

(Rs. in lakhs)

Particulars	FY 2020-21	FY 2019-20
Salary & wages	-	35.37
Professional fees	-	37.74
Repairs & maintenance expenses	-	0.08
Materials, stores & spares	-	11.39
Other expenses	-	1.78
<b>Total</b>	<b>-</b>	<b>86.36</b>

### 4.10 Details of remaining amortization period and carrying value of intangible assets is as given below:

Particulars	Carrying amount as at (Rs. in lakhs)		Remaining useful life as at (months)	
	31-Mar-21	31-Mar-20	31-Mar-21	31-Mar-20
Epicor software	31.47	37.80	52	64
Mastercam Mill 3D Purchase	0.44	2.71	-	9
HR software	0.24	1.61	-	10
Microwave composite heating furnace (SDF)	262.72	303.99	72	84
Other software's	5.75	4.52	11 to 24	11 to 24

**4.11** First pari passu charge has been created on fixed assets of the Company (present and future)(excluding windmill) in respect of term loans taken by the Company (Refer Note 17.1) and in respect of foreign currency term loan of USD 1.24 Million Outstanding as on 31st March, 2021 (Outstanding as on 31st March, 2020 : USD 2.15 Million) taken by Pradeep Metals Limited, Inc., Houston, USA (WOS) from Union Bank of India, Hong Kong. Further, second charge has been created on the fixed assets of the Company for working capital facility availed by the Company (Refer Note 20.1). The overdraft facility of USD Nil (Previous year : USD 1.00 Million) taken by Pradeep Metals Limited, Inc., (Wholly Owned Subsidiary) against standby letter of letter of credit (SBLC), which is part of working capital facility of the Company.

**Notes on standalone financial statements for the financial year ended 31st March, 2021**

(Rs. in lakhs except share and per share data)

5	<b>Non current Investment</b> (At cost, unless otherwise specified)	<b>As at</b> <b>31st March, 2021</b>	<b>As at</b> <b>31st March, 2020</b>
	<b>Unquoted equity instruments (fully paid)</b>		
	<b>Investment in Wholly Owned Subsidiary</b>		
	Pradeep Metals Ltd Inc., USA, Houston	1,342.53	879.10
	200 (Previous year : 200) Shares of face value USD 25 each		
	Less-Impairment in the value of investment (refer note 33)	540.00	270.00
		<b>802.53</b>	<b>609.10</b>
	<b>Equity shares at fair value through profit &amp; loss</b>		
	TJSB Sahkari Bank Limited	0.05	0.05
	[(100 (Previous year : 100) shares of Rs. 50 each)]		
	<b>Total</b>	<b>802.58</b>	<b>609.15</b>

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, 2021 - USD 1.24 Million) (Outstanding as on 31st March, 2020 - USD 2.15 Million).

5.2 In view of accumulated losses in the Wholly Owned Subsidiary (WOS) and Step Down Subsidiary (SDS), expected business impact of COVID-19 and provision for impairment of goodwill by SDS, the Company carried out impairment assessment in respect of its investment in WOS and loans granted to WOS. Based on such assessment, the Company has made a provision for impairment of Rs. 270 lakhs in the value of its investment in WOS during the year ended 31<sup>st</sup> March, 2021 (Previous year : Rs. 270 lakhs). This provision is disclosed as exceptional item in the standalone financial statements. In the view of management, considering the long term and strategic nature of investment, the balance carrying value of investment would yield the required benefits and the loan given to the WOS is considered as fully recoverable.

**5.3 Other disclosures of investment** (Rs. in lakhs)

Particulars	<b>As at</b> <b>31st March, 2021</b>	<b>As at</b> <b>31st March, 2020</b>
Aggregate cost of unquoted investment	802.58	879.10
Aggregate amount of impairment in the value of investment	540.00	270.00

(Rs. in lakhs)

6	<b>Loans</b> <b>Non-current</b> (Unsecured, considered good unless otherwise stated)	<b>As at</b> <b>31st March, 2021</b>	<b>As at</b> <b>31st March, 2020</b>
	<b>Loans to related parties</b>		
	Loan to Wholly Owned Subsidiary	1,827.75	189.16
	<b>Total</b>	<b>1,827.75</b>	<b>189.16</b>

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6.1 No loans and advances are due from directors or other officers of the Company either severally or jointly with any other person. Rs. 1,827.75 lakhs (Previous year : Rs. 189.16 lakhs) is receivable from a Wholly Owned Subsidiary having three Common Directors.

6.2 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. (also refer note 5.2)

(Rs. in lakhs)

7	<b>Other non-current financial assets</b> (Unsecured, considered good unless otherwise stated)	<b>As at</b> <b>31st March, 2021</b>	<b>As at</b> <b>31st March, 2020</b>
	Security deposits	47.65	50.66
	Deposit with bank (under lien) having remaining maturity more than 12 months	0.83	-
	<b>Total</b>	<b>48.48</b>	<b>50.66</b>

7.1 Bank deposits aggregating to Rs. 0.83 lakh (Previous year : Nil) are under lien with bank towards guarantees issued by bank.

(Rs. in lakhs)

8	<b>Other non-current assets</b> (Unsecured, considered good unless otherwise stated)	<b>As at</b> <b>31st March, 2021</b>	<b>As at</b> <b>31st March, 2020</b>
	<b>Capital advances</b>		
	- Consider good	294.94	342.55
	- Considered doubtful	51.36	1.36
		<b>346.30</b>	<b>343.91</b>
	Less:- Allowance for bad and doubtful advances	(51.36)	(1.36)
		<b>294.94</b>	<b>342.55</b>
	Prepaid expenses	5.81	8.91
	<b>Total</b>	<b>300.75</b>	<b>351.47</b>

(Rs. in lakhs)

9	<b>Inventories</b> (At lower of cost or net realisable value unless otherwise stated)	<b>As at</b> <b>31st March, 2021</b>	<b>As at</b> <b>31st March, 2020</b>
	Raw material - Steel	974.55	891.23
	Raw materials - Dies	62.68	58.95
	Work-in-progress	1,439.22	1,872.61
	Finished goods in transit	27.69	-
	Stores, spares and consumables	103.80	121.19
	Scrap	24.27	8.01
	<b>Total</b>	<b>2,632.21</b>	<b>2,952.00</b>

9.1 During the year ended 31st March, 2021, Rs. 3.02 lakhs (Previous year : Rs.18.10 lakhs) was recognised as an expenses for inventories carried at Net realisable value.



(Rs. in lakhs)

10	<b>Trade receivables</b> (Unsecured, considered good unless otherwise stated)	<b>As at</b> <b>31st March, 2021</b>	<b>As at</b> <b>31st March, 2020</b>
	<b>Unsecured</b>		
	Considered good	4,636.79	5,379.31
	Considered doubtful	3.76	0.73
		<b>4,640.55</b>	<b>5,380.04</b>
	Less: Allowance for doubtful receivables	3.76	0.73
	<b>Total</b>	<b>4,636.79</b>	<b>5,379.31</b>

- 10.1** No trade receivables are due from directors or other officers of the Company either severally or jointly with any other person. Rs. 1,135.42 lakhs (Previous year : Rs. 2,143.48 lakhs) is receivable from the Wholly Owned Subsidiary having three common directors and Rs. 145.56 lakhs (Previous year : Rs. 132.49 lakhs) is receivable from the Step Down Subsidiary having three common directors designated as Managers being an LLC.
- 10.2** For details of outstanding receivables from related parties. (Refer note 39.3)
- 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. 294.47 lakhs (Previous year : Rs. 573.44 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.
- 10.5** Refer note 46 for policy on expected credit loss.
- 10.6** The Company has registered under the Micro, Small and Medium Enterprises Development Act, 2006 [MSMED Act]. The relevant provisions in respect of receivable are applicable to the Company.
- 10.7** From current year onwards, the Company has started entering forward cover contracts to hedge the export receivable.

(Rs. in lakhs)

11	<b>Cash and cash equivalent and other bank balances</b>	<b>As at</b> <b>31st March, 2021</b>	<b>As at</b> <b>31st March, 2020</b>
	<b>Cash and cash equivalent</b>		
	Cash on hand	1.25	1.30
	Balances with banks		
	- In current accounts	1.57	2.08
	<b>Total</b>	<b>2.82</b>	<b>3.38</b>
	<b>Other bank balances</b>		
	- In fixed deposits having remaining maturity less than 12 months (refer note 11.2)	7.86	8.65
	- Earmarked balances (on unpaid dividend account) (refer note 11.3)	20.42	24.63
	<b>Total</b>	<b>28.28</b>	<b>33.29</b>

- 11.1** Bank deposits earn interest at fixed rates.
- 11.2** Bank deposits aggregating to Rs. 7.86 lakhs (Previous year : Rs. 8.65 lakhs) are under lien with banks towards guarantees issued by bank.
- 11.3** Earmarked balance for unpaid dividend accounts includes Nil (Previous year : Rs. 2.74 lakhs) for which necessary formalities were completed subsequent to year end by the bank.

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(Rs. in lakhs)

12	<b>Loans</b> (Unsecured, considered good unless otherwise stated)	<b>As at</b> <b>31st March, 2021</b>	<b>As at</b> <b>31st March, 2020</b>
	<b>Other loans</b>		
	Loan to employees	6.05	6.66
	<b>Total</b>	<b>6.05</b>	<b>6.66</b>

(Rs. in lakhs)

13	<b>Other current financial assets</b> (Unsecured, considered good unless otherwise stated)	<b>As at</b> <b>31st March, 2021</b>	<b>As at</b> <b>31st March, 2020</b>
	Export incentive receivable	216.26	164.17
	Sales tax refund receivable	4.99	6.12
	Amount recoverable from customers (Dies)	14.23	4.79
	Recoverable from Wholly Owned Subsidiary	18.97	8.90
	Other receivables (including forward contract receivables)	57.79	15.87
	Interest Accrued on fixed deposits	0.03	0.05
	<b>Total</b>	<b>312.27</b>	<b>199.89</b>

### 13.1 Break up of financial assets carried at amortised cost (Rs. in lakhs)

Particulars	<b>As at</b> <b>31st March, 2021</b>	<b>As at</b> <b>31st March, 2020</b>
Loans [Refer note 6 & 12]	1,833.80	195.82
Other financial assets [Refer note 7 & 13]	360.75	250.56
Trade receivables [Refer note 10]	4,636.79	5,379.31
Cash & cash equivalents [Refer note 11]	2.82	3.38
Other bank balance [Refer note 11]	28.28	33.29
<b>Total</b>	<b>6,862.44</b>	<b>5,862.36</b>

### 13.2 Break up of financial assets carried at fair value through P&L (Rs. in lakhs)

Particulars	<b>As at</b> <b>31st March, 2021</b>	<b>As at</b> <b>31st March, 2020</b>
Investments (Refer note 5)	802.58	609.15
<b>Total</b>	<b>802.58</b>	<b>609.15</b>

(Rs. in lakhs)

14	<b>Other current assets</b> (Unsecured, considered good unless other wise stated)	<b>As at</b> <b>31st March, 2021</b>	<b>As at</b> <b>31st March, 2020</b>
	Advance to suppliers (other than capital advance)	13.40	23.90
	Considered doubtful	1.95	1.95
		<b>15.35</b>	<b>25.85</b>
	Less:- Allowance for bad and doubtful advances	1.95	1.95
		<b>13.40</b>	<b>23.90</b>
	Input tax credit receivable (including refund receivable)	213.43	128.52
	Prepaid expenses	81.60	86.04
	Advance contribution towards gratuity fund	25.80	-
	<b>Total</b>	<b>334.23</b>	<b>238.46</b>

**15 Share capital**

(Rs. in lakhs except share and per share data)

15.1 Authorised capital	As at 31st March, 2021	As at 31st March, 2020
<b>Equity share capital</b>		
1,85,00,000 (Previous year : 1,85,00,000) Equity Shares of Rs. 10 each	1,850.00	1,850.00
<b>Preference share capital</b>		
5,50,000 (Previous year : 5,50,000) Preference Shares of Rs.100 each	550.00	550.00
<b>Total</b>	<b>2,400.00</b>	<b>2,400.00</b>

(Rs. in lakhs except share and per share data)

15.2 Issued, subscribed and paid-up capital	As at 31st March, 2021	As at 31st March, 2020
<b>Issued</b>		
1,72,70,000 (Previous year : 1,72,70,000) Equity Shares of Rs.10 each	1,727.00	1,727.00
<b>Issued, subscribed and paid-up</b>		
1,72,70,000 (Previous year : 1,72,70,000) Equity Shares of Rs.10 each	1,727.00	1,727.00
<b>Total</b>	<b>1,727.00</b>	<b>1,727.00</b>

**15.3** 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.

15.4 Reconciliation of number of equity shares outstanding at the beginning and at the end of the reporting year	As at 31st March, 2021	As at 31st March, 2020
Shares outstanding at beginning of the year	1,72,70,000	1,72,70,000
Shares issued during the year	-	-
Shares bought back during the year	-	-
<b>Shares outstanding at the end of the year</b>	<b>1,72,70,000</b>	<b>1,72,70,000</b>

**15.5 Equity Shares held by each shareholder holding more than 5% shares**

Name of shareholder	As at 31st March, 2021		As at 31st March, 2020	
	Number of Shares	% of holding	Number of Shares	% of holding
Mr. Pradeep Goyal	15,76,400	9.13	15,76,400	9.13
Mrs. Neeru P. Goyal	9,19,927	5.33	9,19,927	5.33
Nami Capital Private Limited [formerly known as Rabale Engineering (I) Private Limited]	1,01,94,456	59.03	99,72,542	57.74

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### 15.6 Shares held by Ultimate Holding Company

Name of shareholder	As at 31st March, 2021		As at 31st March, 2020	
	Number of Shares	% of holding	Number of Shares	Number of Shares
Nami Capital Private Limited [formerly known as Rabale Engineering (I) Private Limited]	1,01,94,456	59.03	99,72,542	57.74

### 16 For details of other equity, refer Statement of Changes in Equity forming part of the financial statements.

(Rs. in lakhs)

17 Borrowings (Non-current)	As at 31st March, 2021	As at 31st March, 2020
<b>Secured</b>		
<b>Term loans</b>		
From banks		
- Foreign currency loan	1,410.59	767.73
- Rupee loan	495.70	269.18
<b>Total</b>	<b>1,906.29</b>	<b>1,036.91</b>

### 17.1 Details of security provided

- (i) All Term loans (Foreign currency loans & Rupee loans) are secured by first pari passu charges on freehold land, leasehold land and building thereon, windmill and plant and machinery and second charge on entire current assets of the Company (Refer Note 4.11). The loans are further secured by personal guarantee of Chairman and Managing Director of the Company.
- (ii) Vehicle loan was secured against hypothecation of the vehicle against which the loan was taken. The loan was further secured by personal guarantee of Chairman and Managing Director and the vehicle opening loan liability (grouped under note 22) has been paid off during the year.

### 17.2 Terms of repayment and maturity profile of the term loan is as set out below:

(Rs. in lakhs)

Borrowings	Interest Rates	As at 31st March, 2021	As at 31st March, 2020
Term loan X (INR) Repayable in 16 quarterly installments of Rs. 29.00 lakhs each starting from September 2017.	1YMCLR+1.00% (Previously 9.50% p.a.)	-	12.15
Working Capital Term Loan (INR) Repayable in 17 quarterly installments of Rs. 30.00 lakhs each starting from September 2017.	1YMCLR+1.00% (Previously 9.50% p.a.)	-	34.00
Term loan XII (INR) Repayable in 20 quarterly installments of Rs. 18.00 lakhs each starting from June 2018.	1YMCLR+1.00% (Currently 8.20% p.a.)	106.86	171.09
Foreign currency term loan VIII Repayable in 16 quarterly installments of Rs. 30.00 lakhs each starting from June 2016.	6ML+2.25% (Previously 4.17% p.a.)	-	1.20

(Rs. in lakhs)

<b>Borrowings</b>	<b>Interest Rates</b>	<b>As at 31st March, 2021</b>	<b>As at 31st March, 2020</b>
Foreign currency term loan IX Repayable in 21 quarterly installments of Rs. 50.00 lakhs each starting from January 2017.	6ML+2.25% (Currently 2.46% p.a.)	150.90	356.07
Foreign currency term loan X Repayable in 16 quarterly installments of Rs. 29.00 lakhs each starting from September 2017.	6ML+2.25% (Previously 4.17% p.a.)	-	89.25
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.	6ML+2.25% (Currently 2.46% p.a.)	401.54	549.53
Term loan XIII Repayable in 20 quarterly installments of Rs. 22.50 lakhs each starting from July 2019.	1YMCLR+1.00% (Currently 8.20% p.a.)	220.10	224.64
Term loan XIV Repayable in 20 quarterly installments of Rs. 16.50 lakhs each starting from October 2019.	1YMCLR+1.00% (Currently 8.20% p.a.)	5.00	22.56
Foreign currency term loan XIV Repayable in 20 quarterly installments of Rs. 16.50 lakhs each starting from October 2019.	6ML+2.25% (Currently 2.46% p.a.)	126.77	167.83
Foreign currency - Working Capital Term Loan Repayable in 17 quarterly installments of Rs. 30.00 lakhs each starting from September 2017.	1YMCLR+1.00% (Currently 8.20% p.a.)	61.74	152.53
Term loan XV Repayable in 17 quarterly installments of Rs. 17.70 lakhs each starting from December 2020.	1YMCLR+1.00% (Currently 8.20% p.a.)	57.04	60.84
Vehicle loan Repayable in 60 equated monthly installments of Rs. 1.56 lakhs (including interest) each starting from February 2016.	-	-	13.39
Term Loan (COVID-19) (INR) Repayable in 18 equated monthly installments of Rs. 37.78 lakhs each starting from January 2021.	8.00% (Fixed)	528.88	-
Term Loan XVII (FCTL) Repayment in 12 quarterly installments starting from December 2022. First 4 installments of Rs.75 lakhs per quarter and thereafter 8 installments of Rs.150 lakhs per quarter.	6ML+2.25% (Currently 2.46% p.a.)	1,143.28	-
Term Loan XVII (INR) Repayment in 12 quarterly installments starting from December 2022. First 4 installments of Rs.75 lakhs per quarter and thereafter 8 installments of Rs.150 lakhs per quarter.	1YMCLR+1.00% (Currently 8.20% p.a.)	253.59	-
Term loan XVI (INR) Repayable in 17 quarterly installments of Rs. 17.70 lakhs each starting from December 2021.	1YMCLR+1.00% (Currently 8.20% p.a.)	1.62	-
<b>Total</b>		<b>3,057.32</b>	<b>1,855.11</b>

Above figures are including current maturity as disclosed in note 22.

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(Rs. in lakhs)

18 Provisions (Non-current)	As at 31st March, 2021	As at 31st March, 2020
Provision for employee benefits		
- Leave benefits (refer note 52(b))	25.01	26.97
<b>Total</b>	<b>25.01</b>	<b>26.97</b>

### 19 Income & deferred taxes

The major components of income tax expense for the years ended 31st March, 2021 & 31st March, 2020 are as under:

#### 19.1 Statement of profit & loss

(Rs. in lakhs)

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Current income tax	356.45	483.68
Deferred tax	(26.15)	(45.15)
Income tax and deferred tax of earlier years (net)	9.11	(28.24)
<b>Tax expense reported in the statement of profit &amp; loss</b>	<b>339.41</b>	<b>410.30</b>

#### 19.2 Other comprehensive income (OCI)

(Rs. in lakhs)

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
<b>Deferred tax related to items recognised in OCI</b>		
Re-measurement of defined benefit plans charge/(credit)	9.29	23.79
<b>Deferred tax charge/(credit)</b>	<b>9.29</b>	<b>23.79</b>

#### 19.3 Reconciliation of tax expenses and the accounting profit multiplied by applicable tax rate for 31st March, 2021 and 31st March, 2020

(Rs. in lakhs)

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Accounting profit before tax	957.66	1,698.45
Applicable income tax rate	25.17%	25.17%
	<b>241.02</b>	<b>427.47</b>
- Effect of expenses not deductible in determining taxable profit	89.28	78.66
- Difference due to reduction in tax rate (refer note 19.4)	-	(67.60)
-Income tax and deferred tax of earlier years (net)	9.11	(28.24)
<b>Subtotal</b>	<b>339.41</b>	<b>410.29</b>
At the effective income tax rate of	35.44%	24.16%
<b>Tax expense reported in the Standalone statement of profit and loss</b>	<b>339.41</b>	<b>410.30</b>

**19.4** In the year ended 31st March, 2020, the Company had decided to exercise the option permitted under section 115BAA of the Income tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019. Accordingly, the Company had recognized provision for income tax and deferred tax liabilities (net) on the basis of the rate prescribed in the said section. The net impact of this change amounting to Rs. 67.60 lakhs (reversal of current tax & deferred tax liabilities) was recognized during the year ended 31st March, 2020.

**19.5 Deferred tax liabilities (net)**

(Rs. in lakhs)

<b>Particulars</b>	<b>As at 31st March, 2021</b>	<b>As at 31st March, 2020</b>
<b>Deferred tax (asset)/liability relates to the following:</b>		
Differences in depreciation and amortization for accounting and income tax purposes	433.39	485.38
Provision for doubtful debts/advances	(0.95)	(0.18)
Provision for NMMC cess liability	(0.05)	(0.07)
Provision for employee benefits	(39.19)	(37.70)
Right of use asset	(1.59)	(1.12)
Weighted average deduction u/s 80JJAA	(4.92)	-
<b>Net deferred tax liabilities</b>	<b>386.70</b>	<b>446.31</b>

**19.6 Reflected in the balance sheet as follows**

(Rs. in lakhs)

<b>Particulars</b>	<b>As at 31st March, 2021</b>	<b>As at 31st March, 2020</b>
Deferred tax assets	(46.69)	(39.08)
Deferred tax liabilities	433.39	485.38
<b>Deferred tax liabilities (net)</b>	<b>386.70</b>	<b>446.31</b>

## 19.7 Deferred tax expenses/(income)

(Rs. in lakhs)

Particulars	As at 31st March, 2021	As at 31st March, 2020
<b>Deferred tax relates to the following:</b>		
Differences in depreciation and amortization for accounting and income tax purposes	(18.53)	(41.67)
Provision for doubtful debts/advances	(0.76)	0.34
Provision for NMMC cess liability	0.02	18.19
Provision for employee benefits	(1.49)	9.70
Right of use asset	(0.47)	(1.12)
Weighted average deduction u/s 80JJAA	(4.92)	-
<b>Net deferred tax charge/(credit)</b>	<b>(26.15)</b>	<b>(14.56)</b>

**19.8** 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. Deferred tax asset has not been recognised on impairment in the value of investment of Rs. 270.00 lakhs (Previous year : Rs. 270 lakhs) and Provision for doubtful capital advances Rs. 50 lakhs (Previous year : Nil) in the absence of reasonable certainty of its reversal in future.

(Rs. in lakhs)

20 Borrowings (Current)	As at 31st March, 2021	As at 31st March, 2020
<b>Secured</b>		
<b>From bank</b>		
Working capital loans		
- Cash credit (Repayable on demand)	52.24	1,247.64
- Packing credit (Repayable within 180 days)	1,950.17	2,445.78
- Bills discounted (Repayable within 30 to 270 days)	294.47	573.44
<b>Total</b>	<b>2,296.88</b>	<b>4,266.86</b>

## 20.1 Details of security provided on working capital loans

Working capital loans are secured by first charge by way of hypothecation of inventories and book debts and second charge on entire fixed assets of Company. The loans are further secured by personal guarantee of Chairman & Managing Director of the Company.



(Rs. in lakhs)

21	Trade payables	As at	As at
		31st March, 2021	31st March, 2020
	- Dues to micro & small enterprises (refer note 21.1)	22.91	24.21
	- Dues to other than micro & small enterprises	1,809.83	992.08
	<b>Total</b>	<b>1,832.74</b>	<b>1,016.29</b>

21.1 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.

21.2 Details of dues to Micro and Small Enterprises as defined under Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act, 2006)

(Rs. in lakhs)

Particulars	As at	As at
	31st March, 2021	31st March, 2020
Principal amount due to supplier under MSMED Act, 2006	22.91	24.21
Interest accrued and due to suppliers under MSMED Act, 2006 on the above amount	-	-
Payment made to suppliers (other than interest) beyond the appointed day, during the year	-	-
Interest paid to supplier under MSMED Act, 2006	0.04	1.05
Interest due to payable to suppliers under MSMED Act, 2006 for payments already made	-	-
Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act, 2006	-	-

### 21.3 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.

(Rs. in lakhs)

22	Other current financial liabilities	As at	As at
		31st March, 2021	31st March, 2020
	<b>Current maturity of long term borrowings</b>		
	- Rupee loan	677.40	256.11
	- Foreign currency loan	473.64	548.69
	- Vehicle loan	-	13.39
	Interest accrued but not due	7.75	4.20
	Amount payable for capital goods	12.06	29.03
	Unpaid dividend	20.42	24.63
	Accrued expenses	348.90	429.15
	Salary and wages payable	134.06	132.76
	Other liabilities*	22.00	15.57
	<b>Total</b>	<b>1,696.24</b>	<b>1,453.54</b>

\*Other liabilities includes directors sitting fees, interest payable etc.

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### 22.1 Break up of financial liabilities carried at amortised cost

(Rs. in lakhs)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Borrowings [refer note 17 & 20]	4,203.17	5,303.76
Lease liabilities [refer note 38]	69.87	97.38
Other financial liabilities [refer note 22]	1,696.24	1,453.54
Trade payable [refer note 21]	1,832.74	1,016.29
<b>Total</b>	<b>7,802.02</b>	<b>7,870.97</b>

(Rs. in lakhs)

23 Other current liabilities	As at 31st March, 2021	As at 31st March, 2020
Unearned revenue (tooling charges)	-	27.71
Statutory liabilities	45.41	39.23
<b>Total</b>	<b>45.41</b>	<b>66.95</b>

(Rs. in lakhs)

24 Provision (Current)	As at 31st March, 2021	As at 31st March, 2020
<b>Provision for employee benefits</b>		
- Leave benefits	130.70	122.84
- Gratuity	-	39.65
Provision for contingency (Refer note 24.1)	0.15	0.28
<b>Total</b>	<b>130.85</b>	<b>162.77</b>

### 24.1 Movement of provision for contingencies

(Rs. in lakhs)

Particulars	Margin on sales return (a)	NMMC (b)	Total (a+b)
<b>Opening balance as on 1st April, 2019</b>	<b>2.25</b>	<b>0.15</b>	<b>2.40</b>
Add: Provision made	0.13	-	0.13
Less: Utilised/paid	2.25	-	2.25
Less: Write back	-	-	-
<b>Closing balance as on 31st March, 2020</b>	<b>0.13</b>	<b>0.15</b>	<b>0.28</b>
Add: Provision made	-	-	-
Less: Utilised/paid	0.13	-	0.13
Less: Write back	-	-	-
<b>Closing balance as on 31st March, 2021</b>	<b>-</b>	<b>0.15</b>	<b>0.15</b>

#### 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 in the previous years and 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.

(Rs. in lakhs)

25	Revenue from operations	Year ended 31st March, 2021	Year ended 31st March, 2020
	Sale of products	12,507.60	15,362.86
	Sale of services		
	- Job work and tooling charges	71.45	113.41
	<b>(A)</b>	<b>12,579.05</b>	<b>15,476.27</b>
	<b>Other operating revenues</b>		
	- Export incentives	267.29	429.07
	- Sale of electricity - windmill	185.16	234.16
	- Scrap sales	1,114.69	1,456.33
	<b>(B)</b>	<b>1,567.14</b>	<b>2,119.56</b>
	<b>Total</b>	<b>(A + B)</b> <b>14,146.19</b>	<b>17,595.83</b>

**25.1 Disclosures of Ind AS 115 - Revenue from contracts with customers:**

- (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 25 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 25 above, note 48.1 and note 48.4(i)
  - (ii) Refer note 48.4(iii) for details regarding customer concentration that represents 10% or more of the Company's total revenue during the year ended 31st March, 2021 and 31st March, 2020.
- (c) Performance obligation
- (i) For timing of satisfaction of its performance obligations, refer note 3.6 of significant accounting policies of the Company.

**25.2 Reconciliation of revenue recognized with the contracted price is as follows:**

(Rs. in lakhs)

Particulars	Year ended 31st March, 2021	Year ended 31st March, 2020
Contracted price	14,064.14	17,639.38
Less: Amount towards variable consideration components (volume discounts)	-82.05	43.55
<b>Revenue recognised</b>	<b>14,146.19</b>	<b>17,595.83</b>

The reduction towards variable consideration comprises of volume discounts given/reversed, etc.

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**25.3** The Company receives government assistance in the form of MEIS license and duty drawback, which are issued to eligible importer. Above revenue includes MEIS (upto December 2020) and duty drawback income of Rs. 267.29 lakhs (Previous year : Rs. 429.07 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. Effective 1st January 2021, the export incentive is not recognised in regard to new Remission of Duties or Taxes on Export Products (RODTEP) Scheme as the rates have not been notified.

(Rs. in lakhs)

26 Other income	Year ended 31st March, 2021	Year ended 31st March, 2020
Interest income on		
- Fixed deposit	0.49	0.61
- Loans to Wholly Owned Subsidiary	30.70	12.11
- Others	1.27	25.07
Guarantee commission recovered	16.90	19.09
Amount no longer payable written back	23.60	-
Miscellaneous income*	18.68	13.93
Profit on sales/discard of assets (net)	-	0.53
Foreign exchange fluctuation gain (net)	126.03	161.44
<b>Total</b>	<b>217.67</b>	<b>232.78</b>

\* Miscellaneous income includes sundry scrap & miscellaneous recoveries.

(Rs. in lakhs)

27 Cost of raw materials consumed	Year ended 31st March, 2021	Year ended 31st March, 2020
Opening Inventory	891.23	1,308.25
Add : Purchases	5,691.79	7,557.20
	<b>6,583.02</b>	<b>8,865.45</b>
Less : Closing Inventory	974.55	891.23
<b>Cost of raw materials consumed</b>	<b>5,608.47</b>	<b>7,974.22</b>

(Rs. in lakhs)

28 Changes in inventories of work-in-progress, finished goods and scrap	Year ended 31st March, 2021	Year ended 31st March, 2020
<b>Opening inventory</b>		
Work-in-progress	1,872.61	1,655.79
Scrap	8.01	30.21
Finished goods in transit	-	21.43
	<b>1,880.62</b>	<b>1,707.43</b>
<b>Closing Inventory</b>		
Work-in-progress	1,439.22	1,872.61
Scrap	24.27	8.01
Finished goods in transit	27.69	-
	<b>1,491.18</b>	<b>1,880.62</b>
<b>Total (Increase)/Decrease in Stock of WIP, finished goods and scrap</b>	<b>389.44</b>	<b>(173.19)</b>

(Rs. in lakhs)

29	<b>Manufacturing expenses</b>	<b>Year ended 31st March, 2021</b>	<b>Year ended 31st March, 2020</b>
	Dies expenses	162.62	156.03
	Consumption of Stores & Spares	425.97	537.69
	Other freight inward and other expenses	84.46	91.10
	Power, fuel and water	824.18	968.79
	Insurance expenses	99.13	73.82
	Repairs and maintenance		
	- Plant and machinery	216.63	258.33
	- Windmill maintenance charges	24.54	24.68
	- Building	17.46	20.57
	Contract labour expense	266.61	383.66
		<b>1,533.01</b>	<b>1,820.95</b>
	Job work expenses	878.74	1,058.14
	Rent	61.42	72.32
	<b>Total</b>	<b>3,061.76</b>	<b>3,645.13</b>

(Rs. in lakhs)

30	<b>Employee benefit expense</b>	<b>Year ended 31st March, 2021</b>	<b>Year ended 31st March, 2020</b>
	Salaries, wages and bonus (including managerial remuneration)	1,846.30	1,882.22
	Contribution to provident and other funds	99.89	112.58
	Gratuity and leave benefit expenses	78.01	55.66
	Workmen and staff welfare expenses	64.54	71.36
	<b>Total</b>	<b>2,088.74</b>	<b>2,121.82</b>

(Rs. in lakhs)

31	<b>Finance costs</b>	<b>Year ended 31st March, 2021</b>	<b>Year ended 31st March, 2020</b>
	Interest on bank facilities	258.38	463.08
	Other interest costs*	15.47	15.13
	Bank charges	100.85	84.32
	Foreign exchange loss (attributable to finance cost) (Refer note 31.1)	7.46	52.19
	<b>Total</b>	<b>382.15</b>	<b>614.72</b>

\*Other interest costs includes interest paid to tax authorities & interest on leasehold properties in accordance with Ind AS 116- Leases.

**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.

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(Rs. in lakhs)

32 Other expenses	Year ended 31st March, 2021	Year ended 31st March, 2020
Freight outward	424.78	497.82
Professional and legal fees	141.84	152.59
Travelling and conveyance	16.60	66.90
Rates and taxes	46.30	89.68
Repairs and maintenance - others	28.27	18.23
Payment to auditors (refer note 32.1)	19.77	19.53
Directors sitting fees	11.25	13.25
Commission to other directors	4.50	6.00
Commission on sales	90.95	-
Sundry balance written off	-	4.99
Bad debts written off	0.18	0.31
Allowance for doubtful trade receivable	3.04	0.28
Allowance for doubtful advances	50.00	1.95
Corporate social responsibility expenses	32.48	25.10
Donation	2.20	7.38
Loss on sale and discard of fixed assets	61.73	67.11
Miscellaneous expenses*	93.90	130.77
<b>Total</b>	<b>1,027.79</b>	<b>1,101.89</b>

\* Miscellaneous expenses includes office expenses, printing stationery, postage, security, selling, communication etc.

### 32.1 Payment to auditors

(Rs. in lakhs)

Particulars	Year ended 31st March, 2021	Year ended 31st March, 2020
<b>As auditor:</b>		
- Statutory audit fees	17.50	17.50
- Tax audit	2.00	2.00
- Others (including certification fees)	0.27	-
- Towards reimbursement of expenses	-	0.03
<b>Total</b>	<b>19.77</b>	<b>19.53</b>

### 33 Exceptional Items

(Rs. in lakhs)

Particulars	Year ended 31st March, 2021	Year ended 31st March, 2020
<b>(A) Provision for impairment of investment in the WOS (refer note 5)</b>	270.00	270.00
<b>(A)</b>	<b>270.00</b>	<b>270.00</b>

(Rs. in lakhs)

Particulars	Year ended	
	31st March, 2021	31st March, 2020
<b>(B) Expenses incurred during the period of lockdown due to COVID-19</b>		
(Previous year figures of following items are reclassified under exceptional items)		
-Power, fuel and water	6.08	18.89
-Insurance expenses	1.22	1.75
-Repairs and maintenance		
- Plant and machinery	1.54	6.03
- Building	0.38	1.41
-Rent	0.73	1.86
-Depreciation	6.81	11.58
-Employee benefit expenses (Manufacturing)	21.50	36.42
	<b>(B)</b>	<b>77.94</b>
<b>Total</b>	<b>(A+B)</b>	<b>347.94</b>
		<b>308.25</b>

**34 Components of Other Comprehensive Income (OCI)**

The disaggregation of changes to OCI for each type of reserve in equity is shown below

(Rs. in lakhs)

Particulars	Year ended 31st March, 2021	Tax	Net
Reclassified to statement of profit or loss:			
Re-measurement gains (losses) on defined benefit plans	36.90	(9.29)	27.62
<b>Total</b>	<b>36.90</b>	<b>(9.29)</b>	<b>27.62</b>

(Rs. in lakhs)

Particulars	Year ended 31st March, 2020	Tax	Net
Re-measurement gains (losses) on defined benefit plans	94.53	(23.79)	70.74
<b>Total</b>	<b>94.53</b>	<b>(23.79)</b>	<b>70.74</b>

**35 Earnings per equity share**

(Rs. in lakhs except share and per share data)

Particulars		Year ended	
		31st March, 2021	31st March, 2020
<b>Numerator for basic and diluted EPS</b>			
Net profit after tax attributable to shareholders (before OCI) (in Rs. lakhs)	(A)	618.25	1,288.15
<b>Denominator for basic EPS</b>			
Weighted average number of equity shares for basic EPS	(B)	1,72,70,000	1,72,70,000
<b>Denominator for diluted EPS</b>			
Weighted average number of equity shares for diluted EPS	(C)	1,72,70,000	1,72,70,000
<b>Basic earnings per share of face value of Rs.10/- each (in Rs.)</b>	<b>(A/B)</b>	<b>3.58</b>	<b>7.46</b>
<b>Diluted earnings per share of face value of Rs.10/- each (in Rs.)</b>	<b>(A/C)</b>	<b>3.58</b>	<b>7.46</b>

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### 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:

(Rs. in lakhs)

Particulars	As at 31st March, 2021	As at 31st March, 2020
(a) Letters of guarantee issued by the Bank	73.18	73.18
(b) Stand by letter of credit issued by the Company for loan taken by Pradeep Metals Limited, Inc., Houston, USA (Wholly Owned Subsidiary) USD Nil (Previous year : USD 1,000,000, which was fully repaid during the current year). Outstanding as on 31st March, 2021 - USD Nil (Previous year : USD 1,000,000) (Refer Notes 4.11)#	-	756.65
(c) Claim against the Company not acknowledged as debts (net)	26.25	26.25
(d) Corporate guarantees given for loans taken by Pradeep Metals Limited, Inc. Wholly Owned Subsidiary - Outstanding as on 31st March, 2021- USD 1,240,000 (Previous year : USD 2,150,000). Maximum amount payable as per guarantee is USD 4,000,000. (Previous year : USD 2,150,000) (Refer Notes 4.11 & 5.1)#	906.56	1,626.80

#Converted in INR at exchange rate of year end i.e. Rs. 73.110 (Previous year : Rs. 75.665)

- (i) In respect of (a),(b) and (d) above, the Company does not expect any cash outflow till such time contractual obligations are fulfilled.
  - (ii) In respect of (c) above and (d) above, future cash out flows (including interest/penalty) are determinable on receipt of judgments from the statutory authorities/labour court.
- (B) The Company has received demand of Rs. 144.38 lakhs (Previous year : Rs. 87.16 lakhs) under the Income Tax Act,1961 for financial year 2013-14 (amounting to Rs. 42.54 lakhs on account of credit of Dividend Distribution Tax not considered by the department) and for financial year 2017-18 (amounting to Rs. 101.84 lakhs as income of other sources considered twice by the department). In this regard, the Company has filed rectification application seeking to give credit of taxes paid and after necessary rectifications, no demand will be payable. The Company does not expect any demand from tax department and hence, it is not disclosed under contingent liability.

### 37 Capital and other commitments

- (i) Capital commitment for tangible assets (net of advance paid) - Rs. 230.83 lakhs (Previous year : Rs. 248.82 lakhs) and for intangible assets (net of advance paid) - Nil (Previous year : Nil).
- (ii) Other commitment includes export obligations amounting Rs. 83.61 lakhs (Previous year : Nil) relating to benefits availed under Advance Import Licensing scheme. Under such scheme, the Company is committed to export prescribed times of the duty saved on import of raw materials over a specified period of time. In case such commitments are not met, the Company would be required to pay the duty saved along with interest to the regulatory authorities.



**38 Leases:**
**Company as lessee:**
**I) Disclosures as per Ind AS 116- Leases**

- a) The Company has taken factory premises and machinery under lease agreements and the Company has obtained land on leasehold basis from local authorities.
- b) The Company has adopted Ind AS 116 'Leases' with the date of initial application being 1st April 2019. For lease arrangement with lease terms of 12 months or less, the Company has applied the 'short-term lease' recognition exemptions. Also refer note 3.12 for accounting policy on leases.
- c) For addition, depreciation and carrying value of right of use asset, refer note 4.2.
- d) **Disclosure with respect to lease under Ind AS-116 Leases:**

(Rs. in lakhs)

Particulars	Year ended 31st March, 2021	Year ended 31st March, 2020
Interest expense on lease liabilities	8.50	11.10
Lease expenses in case of short term leases and low value leases	62.15	74.18
Lease expenses debited to lease liabilities	27.50	24.90
Total cash outflow for leases [incl. short term & low value leases]	98.15	110.18

**e) Disclosure in balance sheet:**

(Rs. in lakhs)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Right of use assets (gross block)	178.08	178.08
Right of use assets (net book value)	102.70	132.64
Financial liability- Lease liabilities - current	30.38	27.50
Financial liability -Lease liabilities - non-current	39.49	69.87

- f) On transition to Ind AS 116, the Company recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate and the right-of use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at 31st March, 2019. The Company's weighted average incremental borrowing rate applied to the lease liabilities was 8.33% .

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### 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 Colding Company)	Nami Capital Private Limited (Formerly known as Rabale Engineering India 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 (Upto 15 <sup>th</sup> November, 2019)
	Mrs. Neeru Pradeep Goyal, Non-Executive Director (Wife of Chairman & Managing Director)
	Mr. Suresh G. Vaidya, Independent Director
	Mr. Jayavardhan Dhar Diwan, Independent Director
	Mrs. Nandita Vohra, Independent Director
	Mr. Abhinav Goyal, Non-Executive Director (w.e.f. 25 <sup>th</sup> September, 2020) (Son of Chairman & Managing Director)
Mr. Kartick Maheshwari, Independent Director	
Wholly Owned Subsidiary	Pradeep Metals Limited, Inc., Houston, USA
Step Down Subsidiary of Wholly Owned Subsidiary	Dimensional Machine Works LLC, Houston, USA
Enterprises owned or significantly influenced by key management personnel or their relatives with whom transactions taken place during the year	Dhanlabh Engineering Works Private Limited

Note: Designated Key Managerial Personnel as required by Section 203 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

(Rs. in lakhs)

Name of the related party	Nature of the transaction	Year ended	Year ended
		31st March, 2021	31st March, 2020
Dhanlabh Engineering Works Private Limited	Labour charges paid	43.31	67.93
	Rent expenses (amortisation of right of use)	42.48	42.48
	Electricity charges (Reimbursement)	12.98	16.84
Pradeep Metals Limited, Inc., Houston, USA	Sales	1,469.16	2,560.04
	Guarantee commission recovered	16.90	19.09
	Agency Commission Expenses	90.95	-
	Loan given	1,646.21	-
	Investment in Subsidiary Company	463.42	-

	Reimbursement of custom duty recovered	-	292.42
	Reimbursement of freight charges recovered	352.64	154.08
	Reimbursement of bank charges recovered (SBLC) recovered	-	13.32
	Interest income (on loan given)	30.70	12.11
Dimensional Machine Works LLC, Houston, USA	Purchase of fixed assets (Plant and Machinery)	56.18	3.02
	Reimbursement of freight charges	23.20	15.86
	Sales	97.68	115.52
	Sales Tooling	-	7.34
	Purchase	0.15	-
Nami Capital Private Limited (Formerly known as Rabale Engineering India Private Limited)	Dividend paid (including interim dividend)	-	199.45
Mrs. Neeru Goyal	Sitting fees paid	1.00	1.25
	Dividend paid (including interim dividend)	-	18.40
Dr. Kewal K. Nohria	Sitting fees paid	2.50	2.25
	Dividend paid (including interim dividend)	-	13.56
	Commission	1.00	1.00
Mr. Omprakash Agarwal	Sitting fees paid	-	0.25
	Commission	-	0.25
Mr. Suresh G. Vaidya	Sitting fees paid	2.50	3.00
	Commission	1.00	1.25
Mr. Jayavardhan Dhar Diwan	Sitting fees paid	2.25	2.75
	Commission	1.00	1.25
Mr. Kartick Maheshwari	Sitting fees paid	1.25	2.25
	Commission	0.50	1.00
Mrs. Nandita Vohra	Sitting fees paid	1.25	1.50
	Commission	1.00	1.25
Mr. Abhinav Goyal	Sitting fees paid	0.50	-
Mr. Pradeep Goyal*	Remuneration (including other allowances)	109.62	116.86
	Incentive	25.00	25.00
	Dividend paid (including interim dividend)	-	31.53

**Note:** Sitting fees, commission, remuneration and incentive pay form part of short term employee benefits.

\* Does not include Leave encashment since the same is considered for all employees (including the Chairman & Managing Director) of the Company as a whole.

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### 39.3 Balances outstanding as at the year end

(Rs. in lakhs)

Name of the related party	Nature of outstanding	As at 31st March, 2021	As at 31st March, 2020
Pradeep Metals Limited Inc., USA, Houston	Trade receivable	1,135.42	2,143.48
	Agency commission payable	90.95	-
	Guarantee commission receivable	2.45	3.97
	Custom duty reimbursement receivable	2.71	2.80
	Loan given	1,827.75	189.16
	Interest on loan receivable	13.81	2.17
	Investment in Subsidiary Company	1,342.53	879.10
	SBLC #	-	756.65
	Corporate guarantee outstanding #	906.56	1,626.80
Dimensional Machine Works LLC, USA, Houston	Amount payable for capital goods	11.76	-
	Trade receivable	145.56	132.50
Dhanlabh Engineering Works Private Limited	Trade payable	12.17	11.90
Dr. Kewal K. Nohria	Commission payable	1.00	1.00
Mr. Omprakash Agarwal	Commission payable	-	0.25
Mr. Suresh G. Vaidya	Commission payable	1.00	1.25
Mr. Jayavardhan Dhar Diwan	Commission payable	1.00	1.25
Mr. Kartick Maheshwari	Commission payable	0.50	1.00
Mrs. Nandita Vohra	Commission payable	1.00	1.25
Mr. Pradeep Goyal	Remuneration payable	3.90	3.23
	Incentive payable	0.32	25.00

#Converted in INR at exchange rate of year end i.e. Rs. 73.110 (Previous year : Rs. 75.665). For corporate guarantees given to Pradeep Metals Limited, Inc., refer note 36.

Note: In addition to above transactions, Chairman and Managing Director of the Company has given SBLC and personal guarantee for loan facilities taken by the Company, No guarantee charges are payable by the Company (Refer note 17.1 & 20.1).

39.4 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

(Rs. in lakhs)

Particulars	As at 31st March, 2021	As at 31st March, 2020
<b>Pradeep Metals Limited, Inc</b>		
Balance outstanding	1,827.75	189.16
Maximum amount outstanding during the year	1,827.75	189.16

**41 Disclosures required under sec. 186(4) of the Companies Act, 2013** (Rs. in lakhs)

Name of the borrower	Purpose	Rate of Int. p.a	As at 31st March, 2021	As at 31st March, 2020
Pradeep Metals Limited, Inc., Houston, USA	General corporate/ Business purpose	5.47% (Previous year : 6.05%)	1,827.75	189.16
<b>Total</b>			<b>1,827.75</b>	<b>189.16</b>

**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, 2021, other than those with carrying amounts that are reasonable approximates of fair values:

(Rs. in lakhs)

Particulars	Carrying value		Fair Value	
	As at 31st March, 2021	As at 31st March, 2020	As at 31st March, 2021	As at 31st March, 2020
(i) Investments (other than Investment in subsidiary)	0.05	0.05	0.05	0.05
(ii) Loans	1,833.80	195.82	1,833.80	195.82
(iii) Other non-current financial assets	48.48	50.66	48.48	50.66
(iv) Trade receivables	4,636.79	5,379.31	4,636.79	5,379.31
(v) Cash and cash equivalents	2.82	3.38	2.82	3.38
(vi) Other bank balances	28.28	33.29	28.28	33.29
(vii) Other current financial assets	312.27	199.89	312.27	199.89
<b>Total financial assets</b>	<b>6,862.49</b>	<b>5,862.41</b>	<b>6,862.49</b>	<b>5,862.41</b>
(i) Borrowings (Non-current)	1,906.29	1,036.91	1,906.29	1,036.91
(ii) Lease liabilities (Non-current)	39.49	69.87	39.49	69.87
(iii) Trade payable	1,832.74	1,016.29	1,832.74	1,016.29
(iv) Lease liabilities (Current)	30.38	27.50	30.38	27.50
(v) Other current financial liabilities	1,696.24	1,453.54	1,696.24	1,453.54
(vi) Borrowings (Current)	2,296.88	4,266.86	2,296.88	4,266.86
<b>Total financial liabilities</b>	<b>7,802.02</b>	<b>7,870.97</b>	<b>7,802.02</b>	<b>7,870.97</b>

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.

## (ii) Fair value hierarchy

The financial instruments are categorized into three levels based on the inputs used to arrive at fair value measurements as described below:

**Level 1:** Quoted prices (unadjusted) in active markets for identical assets or liabilities;

**Level 2:** Valuation techniques for which lowest level input that is significant to the fair value measurement is directly or indirectly observable;

**Level 3:** Valuation techniques for which lowest level input that is significant to the fair value measurement is directly or indirectly unobservable;

The following tables categorise the financial assets and liabilities held at fair value by the valuation methodology applied in determining their fair value.

### Fair value hierarchy as at 31st March, 2021 (Rs. in lakhs)

Particulars	Level 1	Level 2	Level 3	Total
Financial Assets				
Investment in equity instruments (other than in subsidiaries)	-	0.05	-	0.05
Derivative Instruments	-	45.10	-	45.10

### Fair value hierarchy as at 31st March,2020 (Rs. in lakhs)

Particulars	Level 1	Level 2	Level 3	Total
Financial Assets				
Investment in equity instruments (other than in subsidiaries)	-	0.05	-	0.05

**Determination of fair values:** The following are the basis of assumptions used to estimate the fair value of financial assets and liabilities that are measured at fair value.

**Equity investments :** In the earlier years, the Company had made investments in equity shares of unlisted companies aggregating to Rs. 0.05 lakh. The Company has elected to categorize these investment as fair value through profit and loss. Further, based on the overall evaluation carried out by the Company of the investee company and considering no significant variation in their financial performance, cost of these investment is considered as an appropriate estimate of fair value at year end. There are no gains/ losses from such investments.

**Derivative instruments :** For forward contracts, future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contract forward exchange rates, discounted at a rate that reflects the credit risk of respective counterparties.

## 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.

The mortality rate is based on publicly available mortality tables for India. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on management policy for increase in basic salary.

**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 items age listing on a periodic basis. This review involves comparison of the carrying value of the aged inventory items 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 obsolete and slow-moving inventories has been made in the financial statement

**g) Impact on account of COVID-19**

The Company has considered the possible effects that may result from the pandemic relating to COVID-19 in the preparation of the standalone financial statements. The Company including its subsidiaries have also adopted measures to curb the spread of infection in order to protect the health of its employees and ensure business continuity with minimal disruption. The management has considered internal and external information while finalizing various estimates and recoverability of assets in relation to its financial statements upto the date of approval of the standalone and consolidated financial results by the Board of Directors. In the opinion of the management, due to the pandemic, the demand for Group's products from certain sectors is expected to be sluggish. The management is evaluating various alternate sectors to which it can cater to recoup the reduction in sales. The impact of COVID-19 is still in an evolving stage and hence the management will continue to closely monitor any material changes to future economic conditions and its impact on the Holding Company and subsidiaries.

**44 Derivatives not designated as hedging instruments**

The Company evaluates the option of foreign exchange forward contracts to manage foreign exchange fluctuation risk. 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. Refer note 45 and 49 for detailed disclosure of unhedged/hedged items.



**45 Foreign currency exchange rate 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 cover its foreign currency risk by budgeting exports sales & repeat orders from its overseas customers and Company books forward contract against exports receivable. The Company also avails bill discounting facilities in respect of export receivables. Since a major part of the Company's revenue is in foreign currency and major part of the costs are in Indian Rupees, any movement in currency rates would have impact on the Company's performance. Consequently, the overall objective of the foreign currency risk management is to minimize the short term currency impact on its revenue and cash-flow in order to improve the predictability of the financial performance.

The major foreign currency exposures for the Company are denominated in USD. Additionally, there are transactions which are entered into in other currencies and are not significant in relation to the total volume of the foreign currency exposures. The Company hedges all trade receivables upto a maximum of 12 months forward based on historical trends. Hedge effectiveness is assessed on a regular basis.

The following table sets forth information relating to foreign currency exposure from USD, EUR and GBP (which are not material) form non-derivative financial instruments:

(Rs. in lakhs)

<b>As at 31st March, 2021</b>	<b>USD</b>	<b>EUR</b>	<b>GBP</b>	<b>Total</b>
<b>Assets</b>				
Trade Receivables & other assets	-	10.72	0.29	11.01
Vendor Advances	0.09	-	-	0.09
<b>Total</b>	<b>0.09</b>	<b>10.72</b>	<b>0.29</b>	<b>11.10</b>
<b>Liabilities</b>				
Trade Payable & others	1.40	-	-	1.40
Borrowings	10.13	-	-	10.13
<b>Total</b>	<b>11.54</b>	<b>-</b>	<b>-</b>	<b>11.54</b>
<b>Net Assets/(Liabilities)</b>	<b>(11.45)</b>	<b>10.72</b>	<b>0.29</b>	<b>(0.44)</b>

(Rs. in lakhs)

<b>As at 31st March, 2020</b>	<b>USD</b>	<b>EUR</b>	<b>GBP</b>	<b>Total</b>
<b>Assets</b>				
Trade Receivables & other assets	41.17	7.50	0.34	49.01
<b>Total</b>	<b>41.17</b>	<b>7.50</b>	<b>0.34</b>	<b>49.01</b>
<b>Liabilities</b>				
Borrowings	50.99	-	-	50.99
<b>Total</b>	<b>50.99</b>	<b>-</b>	<b>-</b>	<b>50.99</b>
<b>Net Assets/(Liabilities)</b>	<b>(9.82)</b>	<b>7.50</b>	<b>0.34</b>	<b>(1.98)</b>

**Sensitivity analysis**

(Rs. in lakhs)

<b>Particulars</b>	<b>Foreign Currency Sensitivity</b>					
	<b>As at 31st March, 2021</b>			<b>As at 31st March, 2020</b>		
	<b>USD</b>	<b>EUR</b>	<b>GBP</b>	<b>USD</b>	<b>EUR</b>	<b>GBP</b>
<b>1 % Appreciation in INR</b>						
Impact on Profit & Loss	0.11	(0.11)	(0.00)	0.10	(0.07)	(0.00)
<b>1 % Depreciation in INR</b>						
Impact on Profit & Loss	(0.11)	0.11	0.00	(0.10)	0.07	0.00

## 46 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 and finance loans taken by Wholly Owned Subsidiary Company. 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 consists of 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. During the Financial year as Company started availing subvention benefits as MSME as it got registered under MSMED Act.

### Interest rate sensitivity

The Company's total interest cost the year ended 31st March, 2021 was Rs. 258.38 lakhs and for year ended 31st March, 2020 was Rs. 463.08 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, 2021	0.50	-19.02
	-0.50	19.02
31st March, 2020	0.50	-34.66
	-0.50	34.66

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment.

### 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 cover its foreign currency risk by budgeting exports sales & repeat orders from its overseas customers and Company books forward contract against exports receivable. 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 ongoing 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, 2021 and 31st March, 2020. 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 Company does not hold collateral as security . 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:

(Rs. in lakhs)

Particulars	As at	As at
	31st March, 2021	31st March, 2020
Opening balance	0.73	0.45
Add : Allowance for doubtful receivables made during the year	3.03	0.28
<b>Closing balance</b>	<b>3.76</b>	<b>0.73</b>

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### 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:

(Rs. in lakhs)

Particulars	As at 31st March, 2021	As at 31st March, 2020
<b>Less than 1 year</b>		
Borrowings (Current)	2,296.88	4,266.86
Trade and other payables	1,832.74	1,016.29
Lease liabilities (Current)	30.38	27.50
Other financial liabilities	545.20	635.34
Current maturity of long term borrowings	1,151.04	818.19
	<b>5,856.25</b>	<b>6,764.19</b>
<b>1 to 5 years</b>		
Borrowings (Non-current)	1,906.29	1,036.91
Lease liabilities (Non-current)	39.49	69.87
	<b>1,945.78</b>	<b>1,106.78</b>
<b>Total</b>	<b>7,802.03</b>	<b>7,870.97</b>

### 47. 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 to ensure that it will be able to continue as a going concern so, that they can continue to provide returns for shareholders and benefits for other stakeholders and maintain an optimal capital structure to reduce cost of capital. The Company manages its capital structure and make adjustments to, in light of changes in economic conditions, and the risk characteristics of underlying assets. 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 borrowings that define the capital structure requirements.

Consistent with others in the industry, the Company monitors capital on the basis of the gearing ratio. The ratio is calculated as net debt divided by equity. Net debt is calculated as total borrowing (including current and non-current terms loans as shown in the balance sheet).

The Company monitors capital using 'Total Debt' to 'Equity'. The Company's Total Debt to Equity are as follows:

(Rs. in lakhs)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Total debt*	5,354.21	6,121.96
Total capital (total equity other than OCI)	7,947.79	7,329.49
<b>Net debt to equity ratio</b>	<b>0.67</b>	<b>0.84</b>

\* Total debt = Non-current borrowings + current borrowings + current maturities of non-current borrowings

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, 2021 and 31st March, 2020.

#### 48 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).

(Rs. in lakhs)

	<b>Particulars</b>	<b>Closed die forging and processing</b>	<b>Power generation</b>	<b>Total</b>
<b>48.1</b>	<b>Segment Revenue-Gross</b>			
	External revenue	13,961.03	185.16	<b>14,146.19</b>
	Previous year	17,361.66	234.16	17,595.82
<b>48.2</b>	<b>Segment Results</b>			
	Segment total	1,546.34	102.13	<b>1,648.47</b>
	Previous year	2,397.20	151.70	2,548.90
	<b>Unallocated corporate expenses net of unallocated income</b>			<b>307.76</b>
	Previous year			235.23
	<b>Finance costs</b>			<b>383.04</b>
	Previous year			615.23
	<b>Profit before tax</b>			<b>957.66</b>
	Previous year			1,698.45
	<b>Tax expense</b>			<b>339.41</b>
	Previous year			410.30
	<b>Profit for the year (before OCI)</b>			<b>618.25</b>
	Previous year (before OCI)			1,288.15
<b>48.3</b>	<b>Other information</b>			
	<b>Segment assets</b>	14,244.15	1,242.12	<b>15,486.26</b>
	Previous year	14,065.04	1,113.13	15,178.18
	<b>Unallocated corporate assets</b>			<b>897.33</b>
	Previous year			739.12
	<b>Segment liabilities</b>	2,545.55	5.50	<b>2,551.05</b>
	Previous year	1,879.48	-	1,879.48
	<b>Unallocated corporate liabilities</b>			<b>5,846.16</b>
	Previous year			6,697.31
	<b>Depreciation/amortization</b>	483.39	56.21	<b>539.59</b>
	Previous year	441.38	56.26	497.63
	<b>Capital expenditure</b>	196.57	-	<b>196.57</b>
	Previous year	656.42	-	656.42

## 48.4 Secondary segment: Geographical information

### i) Sales, service income and other operating revenue by geographical market:

(Rs. in lakhs)

Locations	As at 31st March, 2021	As at 31st March, 2020
Within India	6,067.39	7,704.24
Outside India	8,078.80	9,891.58
<b>Total</b>	<b>14,146.19</b>	<b>17,595.83</b>

**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

(Rs. in lakhs)

Locations	As at 31st March, 2021	As at 31st March, 2020
India	1,047.86	1,065.36
Outside India	3,588.93	4,313.96
<b>Total</b>	<b>4,636.79</b>	<b>5,379.31</b>

Note: Above figures are net of provision Rs. 3.76 lakhs (Previous year : Rs. 0.73 lakh)

### iii) Reliance on major customers:

Four customers represents more than 10% of the total revenue. Total revenue from these major customers amounts to Rs. 6,680.99 lakhs. In case of previous year only three customer represented more than 10% of total revenue whose revenue amounted to Rs. 6,471.98 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

## 49 Hedge Accounting

The Company has managed the foreign exchange risk with appropriate hedging activities in accordance with policies of the Company. The Company's manages currency risk as per trends and experiences. The Company uses forward exchange contracts to hedge against its foreign currency exposures relating to export receivables. The Company does not enter into any derivative instruments for trading or speculative purposes.

**Fair Value Hedge**
**Hedging Instrument and Hedge Item :**

(Rs. in lakhs)

Type of Hedge and Risks	Nominal Value	Carrying amount as at 31st March, 2021	Changes in amount of fair value	Hedge Maturity Date	Line Item in Balance Sheet
<b>Foreign currency risk</b>					
Trade Receivables hedged by Forward Contracts	5,420.00	5,617.39	197.39	Feb-22	Other receivables

**i) The following are the outstanding forward contracts:**

Currency	Buy/Sell	In Foreign Currency (USD in lakhs)	(Rs. In lakhs)
		<b>As at 31st March, 2021</b>	<b>As at 31st March, 2021</b>
USD	Sell	74.13	5,617.39

**ii) Foreign Currency exposure not hedged by forward contracts are given below :**

Particulars	In Foreign Currency (in lakhs)	(Rs. In lakhs)	In Foreign Currency (in lakhs)	(Rs. In lakhs)
	<b>As at 31st March, 2021</b>		<b>As at 31st March, 2020</b>	
<b>A) Trade Receivables and Vendor advances</b>				
USD (Trade advances)	0.09	6.79	41.17	3,115.42
EUR (Trade receivables)	10.72	918.85	7.50	620.73
GBP (Trade receivables)	0.29	29.69	0.34	31.83
<b>B) Trade Payables</b>				
USD	1.40	102.71	-	-
<b>C) Borrowings</b>				
USD	10.13	740.95	50.99	3,858.14

**50 Expenditure on research & development (charged to statement of P & L)**

(Rs. in lakhs)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Professional fees	14.16	2.08
Tours & travels	-	0.14
Rent, rate and taxes	-	1.20
Repairs & maintenance	1.46	-
Materials stores & spares	1.32	3.28
Other expenses	0.09	0.70
<b>Total</b>	<b>17.03</b>	<b>7.40</b>

## 51 CSR expenditure

(Rs. in lakhs)

Particulars	As at 31st March, 2021	As at 31st March, 2020
(a) Gross amount required to be spent by the Company during the year	32.48	24.52
(b) Amount spent during the year	26.14	25.10
i) On specified purposes	26.14	25.10
(c) Balance unspent (Provision is made in the books for the unspent amount)	6.34	-

(Refer note 54.3 for cash flow on account of CSR expenditure)

## 52 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 price inflation and salary growth are linked economically, they are 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. During the previous year, the Company had reduced the salary escalation rate considering the change in the increment policy capping the growth in the basic salary.

### 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.

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:

(Rs. in lakhs)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Mortality table	IALM (2012-14) Ult	IALM (2012-14) Ult
Discount rate	6.71%	6.66%
Expected rate of return on plan assets	5.00%	5.00%
Rate of increase in compensation levels	5.00%	5.00%
Expected average remaining working lives (in years) (as per Old Policy)	12.93	14.22
Expected average remaining working lives (in years) (as per New Policy covering employees joined in current year)	19.49	NA
Employee attrition rate	2.00%	2.00%

**Changes in the present value of the defined benefit obligation recognised in balance sheet are as follows:**

(Rs. in lakhs)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Present value of obligation as at the beginning of the year	510.89	537.15
Interest expense	33.58	40.14
Current service cost	48.15	49.71
Benefits (paid)	(35.81)	(17.65)
Remeasurements on obligation [Actuarial (Gain)/Loss]	(32.51)	(98.45)
<b>Closing defined benefit obligation</b>	<b>524.30</b>	<b>510.89</b>

**Changes in the fair value of plan assets recognised in balance sheet are as follows:**

(Rs. in lakhs)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Opening fair value of plan assets	471.24	426.02
Interest income	32.21	34.09
Contributions	78.08	32.71
Benefits paid	(35.81)	(17.65)
Return on plan assets, excluding amount recognised in interest income-Gain/(Loss)	4.39	(3.93)
<b>Closing fair value of plan assets</b>	<b>550.10</b>	<b>471.24</b>

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### Net Interest (Income/Expense)

(Rs. in lakhs)

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Interest (Income)/Expense - Obligation	33.58	40.14
Interest (Income)/Expense - Plan assets	(32.21)	(34.09)
<b>Net Interest (Income)/Expense for the year</b>	<b>1.38</b>	<b>6.04</b>

### Remeasurement for the year [Actuarial(Gain)/Loss]

(Rs. in lakhs)

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Experience (Gain)/Loss on plan liabilities	(30.45)	0.83
Financial (Gain)/Loss on plan liabilities	(2.06)	(97.54)

### Amount recognised in statement of other comprehensive income (OCI)

(Rs. in lakhs)

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Remeasurement for the year - obligation (Gain)/Loss	(32.51)	(98.45)
Remeasurement for the year - plan assets (Gain)/Loss	(4.39)	3.93
<b>Total Remeasurement cost/(credit) for the year recognised in OCI</b>	<b>(36.90)</b>	<b>(94.52)</b>

### The amounts to be recognised in the Balance Sheet

(Rs. in lakhs)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Present value of obligation as at the end of the year	524.30	510.89
Fair value of plan assets as at the end of the year	550.10	471.24
<b>Net asset/(liability) to be recognised in balance sheet</b>	<b>25.80</b>	<b>(39.65)</b>

### Expense recognised in the Statement of Profit and Loss

(Rs. in lakhs)

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Current service cost	48.15	49.71
<b>Sub Total</b>	<b>48.15</b>	<b>49.71</b>
Net Interest (Income)/Expense	1.38	6.04
<b>Net periodic benefit cost recognised in the statement of profit and loss</b>	<b>49.53</b>	<b>55.75</b>

**Reconciliation of net assets/(liability) recognised:**

(Rs. in lakhs)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Net asset/(liability) recognised at the beginning of the year	(39.65)	(111.13)
Company contributions	78.08	32.71
Expense recognised at the end of year	(49.53)	(55.75)
Amount recognised outside profit & loss for the year (OCI)	36.90	94.52
<b>Net asset/(liability) recognised at the end of the year</b>	<b>25.80</b>	<b>(39.65)</b>

**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, 2021	As at 31st March, 2020
Funds managed by insurer	100%	100%

**Sensitivity analysis:**

- A) Impact of change in discount rate when base assumption is decreased/increased in present value of obligation

(Rs. in lakhs)

Discount rate	As at 31st March, 2021	As at 31st March, 2020
Decrease by 1%	568.90	556.18
Increase by 1%	485.12	471.21

- B) Impact of change in salary increase rate when base assumption is decreased/increased in present value of obligation

(Rs. in lakhs)

Salary increment rate	As at 31st March, 2021	As at 31st March, 2020
Decrease by 1%	484.72	470.81
Increase by 1%	568.60	555.87

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.

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The following are the expected benefit payments [gross liability] to the defined benefit plan in future years:

(Rs. in lakhs)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Within one year	15.36	18.41
After one year but not more than five years	167.50	146.70
After Five years but not more than ten years	308.97	266.59

**(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. The total liability for leave benefits as at year end is Rs. 155.71 lakhs (Previous year : Rs. 149.81 lakhs).

**(c) Bifurcation of liability as per Schedule III of the Companies Act 2013 :**

(Rs. in lakhs)

Particulars	Gratuity		Leave benefits	
	As at 31st March, 2021	As at 31st March, 2020	As at 31st March, 2021	As at 31st March, 2020
Current Assets	25.80	-	-	-
Current liability	-	(39.65)	(130.70)	(122.84)
Non-current liability	-	-	(25.01)	(26.97)
<b>Net liability/assets</b>	<b>25.80</b>	<b>(39.65)</b>	<b>(155.71)</b>	<b>(149.81)</b>

**53 Defined contribution plan**

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, ESIC and LWF is contributed to the government administered fund. The Company has no obligation, other than the contribution payable to the provident fund, Pension fund, ESIC and LWF.

(Rs. in lakhs)

Particulars	2020-2021	2019-2020
Provident fund	32.48	34.79
Pension fund	57.62	61.96
Employees' state insurance (ESIC)	9.43	15.42
Labour welfare fund (LWF)	0.35	0.41
<b>Total</b>	<b>99.89</b>	<b>112.58</b>

**54 Cash flow statement related**

- 54.1** Aggregate outflow on account of direct taxes paid (net of refund) is Rs. 374.97 lakhs (Previous year : Rs. 452.17 lakhs).
- 54.2** Conversion of rupee term loan in foreign currency loan (USD) aggregating to Rs. 1,140.00 lakhs (Previous year : Rs. 177.00 lakhs) is not considered as cash transaction.
- 54.3** Net cash inflow from operating activity netted off with expenditure on Corporate Social Responsibility (CSR) expenditure of Rs. 26.14 lakhs (Previous year : Rs. 25.10 lakhs) (Refer note 51).
- 54.4** Disclosure as required by Ind AS 7

## Reconciliation of liabilities arising from financing activities

(Rs. in lakhs)

Particulars	As at 31st March, 2020	Cash flows	Non cash changes	As at 31st March, 2021
Short term borrowings	4,266.86	(1,913.70)	(56.27)	2,296.88
Lease liabilities	97.38	(36.00)	8.50	69.87
Long term borrowings	1,855.12	1,244.86	(42.68)	3,057.30
<b>Total liabilities from financing activities</b>	<b>6,121.97</b>	<b>(668.84)</b>	<b>(98.95)</b>	<b>5,354.17</b>

(Rs. in lakhs)

Particulars	As at 1st April 2019	Cash flows	Non cash changes	As at 31st March, 2020
Short Term Borrowings	5,523.99	(1,408.65)	151.51	4,266.86
Lease liabilities	111.18	(24.90)	11.10	97.38
Long Term Borrowings	2,335.21	(559.39)	79.30	1,855.12
<b>Total Liabilities from financing activities</b>	<b>7,859.20</b>	<b>(1,968.04)</b>	<b>230.81</b>	<b>6,121.97</b>

- 55 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 2020-21 on board meeting held on 27<sup>th</sup> May, 2021, subject to approval of shareholders in ensuing Annual General Meeting. The total estimated equity dividend to be paid is Rs. 172.70 Lakhs.
- 56 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.
- 57 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: 27<sup>th</sup> May, 2021

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

Chairman and Managing Director

DIN: 00008370

**Nivedita Nayak**

Company Secretary

Membership No. F8479

**Neeru Goyal**

Director

DIN: 05017190

**Kavita Choubisa Ojha**

Chief Financial Officer

**INDEPENDENT AUDITORS' REPORT**

To,  
**The Members of  
Pradeep Metals Limited**  
**Report on the 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 31<sup>st</sup> March, 2021, 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 on that date, 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 Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, of the consolidated state of affairs of the group, as at 31<sup>st</sup> March, 2021, 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 4.13 of the consolidated financial statement. The management has carried out impairment assessment in respect of goodwill and tangible assets considering the accumulated losses and assessment of financial impact on account of COVID-19 on future cash flows. Based on such assessment, the excess of carrying value of goodwill over the recoverable amount has been accounted as impairment provision of Rs. 270 lakhs for the year ended 31st March, 2021 (aggregate impairment provision up to year ended 31st March, 2021 Rs. 540 lakhs). Management is of the view that expected growth in the demand of the SDS's products and other steps taken by the management, will generate sufficient cash flows to cover balance carrying value of goodwill and the carrying value of the tangible assets as at 31st March, 2021;
2. Reference is invited to note 8.2 of the consolidated financial statement. In respect of inventory: (i) 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. Based on the management estimate provision is made wherever considered necessary. We have relied on the management for the demand estimate and expected price realization. (ii) Further, the improvement in the systems and processes of maintaining the inventory records is in process.

Our opinion is not modified in the above matters. The matters covered in para 1 and 2 above, were also reported under 'Emphasis of Matter' paragraph in our audit report for the year ended 31<sup>st</sup> March, 2020 and our opinion 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 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 31<sup>st</sup> March, 2021, WIP value is Rs. 1,439.22 lakhs. The Holding Company has multiple control points which include detailed recording of movement of WIP items in ERP System, periodical physical verification and ascertainment of stage of WIP by the management.

As part of our audit procedures, we have performed test verification of inventory during the year and also performed analytical test to validate the closing stock quantities and values of WIP. Our analytical test included (a) verification of the overall input-output ratio and inquiring the reasons for difference between standard and actual consumption & yield, (b) verifying the accuracy of the closing stock valuation work sheets (c) basis of ascertainment of stage of completion and (d) assessing the accuracy and completeness of the information used by management in comparing the cost of WIP inventory with net realizable value. The deviations were not significant and satisfactory explanation was provided to us.

### **Other matters**

We did not audit the financial statements of WOS and SDS for the year ended 31<sup>st</sup> March, 2021 included in the consolidated statement, whose financial statements reflect total assets of Rs. 7,197 lakhs as at 31<sup>st</sup> March, 2021, total revenues (including other income) of Rs. 1,016 lakhs and Rs. 3,503 lakhs and share of total profit/(loss) after tax amounting to Rs. 228 lakhs and Rs. (317) lakhs for the quarter and year ended 31<sup>st</sup> March, 2021 respectively, and net cash inflow of Rs. 46 lakhs for the year ended 31<sup>st</sup> March, 2021, as considered in the consolidated financial statements. We have carried out limited review of the unaudited standalone financial statements of WOS and SDS for the quarter and year ended 31<sup>st</sup> March, 2021. The unaudited financial statements/financial information of WOS and SDS are certified by the Company's management and have been prepared by the Company in accordance with Ind AS. Our opinion on the consolidated financial statements of the Group for the year then ended to the extent they relate to the statement as stated in this paragraph, is based solely on such management certified unaudited financial statements. Our opinion on the consolidated financial results is not modified in respect of the above matter.

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

The Holding 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, 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 matters stated in Section 134(5) of the Act with respect to 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 including other comprehensive income, consolidated statement of changes in equity 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 Holding 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.

### **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 (including Other Comprehensive Income), 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.

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- 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 31<sup>st</sup> March, 2021 taken on record by the Board of Directors of the Holding Company, none of the directors are disqualified as on 31<sup>st</sup> March, 2021 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 is as per 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 Holding Company to its directors for the year ended 31<sup>st</sup> March, 2021 is in accordance with the provisions of section 197 read with Schedule V of the Act. In respect of subsidiaries, Section 197 of the Act 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 34(A)(a), 35(A)(c) and 34(A)(d) 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 Holding Company, there were no amounts which were required to be transferred 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

UDIN: 21103286AAAACM6319

Place: Mumbai

Date: 27<sup>th</sup> May, 2021

## **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 31<sup>st</sup> March, 2021 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 need 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 31<sup>st</sup> March, 2021, 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 internal financial controls system over financial reporting of the Holding Company.

### **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

UDIN: 21103286AAAACM6319

Place: Mumbai

Date: 27<sup>th</sup> May, 2021

**Consolidated Balance Sheet as at 31st March, 2021**

(Rs. in lakhs)

Particulars	Note No.	As at 31st March, 2021	As at 31st March, 2020
<b>ASSETS</b>			
<b>I. Non-current assets</b>			
Property, plant and equipment	4.1	5,255.76	5,768.21
Right of use assets	4.2	135.98	249.75
Capital work-in-progress	4.7	145.08	194.77
Goodwill	4.1	30.81	320.59
Other intangible assets	4.1	300.62	352.25
Goodwill on consolidation		147.67	147.67
Financial assets			
(i) Investments-others	5	0.05	0.05
(ii) Other non-current financial assets	6	48.48	68.31
Income tax assets (net)		57.61	86.57
Other non-current assets	7	487.19	468.75
		<b>6,609.25</b>	<b>7,656.92</b>
<b>II. Current assets</b>			
Inventories	8	3,781.89	4,014.53
Financial assets			
(i) Trade receivables	9	4,175.93	4,112.49
(ii) Cash and cash equivalents	10	228.03	189.59
(iii) Bank balances other than (ii) above	10	28.28	33.28
(iv) Loans	11	6.71	7.49
(v) Other current financial assets	12	296.08	207.21
Other current assets	13	336.56	252.91
		<b>8,853.48</b>	<b>8,817.50</b>
<b>TOTAL ASSETS</b>		<b>15,462.73</b>	<b>16,474.42</b>
<b>EQUITY AND LIABILITIES</b>			
<b>III. Equity</b>			
Equity share capital	14	1,727.00	1,727.00
Other equity		4,046.82	3,181.56
<b>TOTAL EQUITY</b>		<b>5,773.82</b>	<b>4,908.56</b>
<b>LIABILITIES</b>			
<b>IV. Non-current liabilities</b>			
Financial liabilities			
(i) Borrowings	15	2,382.17	2,032.22
(ii) Lease liabilities	36	39.50	107.14
Provisions	16	25.01	26.97
Deferred tax liabilities (net)	17.5	381.25	446.30
		<b>2,827.93</b>	<b>2,612.63</b>
<b>VI. Current liabilities</b>			
Financial liabilities			
(i) Borrowings	18	2,367.10	4,952.16
(ii) Trade payable	19		
- Due to micro and small enterprises		22.91	24.21
- Due other than to micro and small enterprises		1,888.66	1,175.60
(iii) Lease liabilities	36	66.40	112.32
(iv) Other current financial liabilities	20	2,220.16	2,359.92
Other current liabilities	21	157.70	163.40
Provisions	22	130.85	162.77
Current tax liabilities (net)		7.20	2.84
		<b>6,860.98</b>	<b>8,953.22</b>
<b>TOTAL LIABILITIES</b>		<b>9,688.91</b>	<b>11,565.85</b>
<b>TOTAL EQUITY &amp; LIABILITIES</b>		<b>15,462.73</b>	<b>16,474.42</b>
<b>Significant accounting policies &amp; other notes</b>	<b>1 to 54</b>		

Notes referred to herein above form an integral part of consolidated 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: 27<sup>th</sup> May, 2021

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

Chairman and Managing Director

DIN: 00008370

**Nivedita Nayak**

Company Secretary

Membership No. F8479

**Neeru Goyal**

Director

DIN: 05017190

**Kavita Choubisa Ojha**

Chief Financial Officer

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## Consolidated Statement of Profit and Loss for the year ended 31st March, 2021

(Rs. in lakhs except share and per share data)

Particulars	Note No.	Year Ended 31st March, 2021	Year Ended 31st March, 2020
<b>INCOME</b>			
Revenue from operations	23	15,599.92	19,523.17
Other income	24	210.19	209.18
<b>Total Income</b>		<b>15,810.10</b>	<b>19,732.35</b>
<b>EXPENSES</b>			
Cost of material consumed	25	6,280.63	8,600.10
Changes in inventories of work-in-progress, finished goods and scrap	26	202.99	(57.08)
Manufacturing expenses	27	3,199.36	3,953.41
Employee benefit expenses	28	2,380.27	2,888.04
Finance costs	29	454.56	764.39
Depreciation and amortization expense	4.1	773.51	754.75
Other expenses	30	1,086.05	1,304.44
<b>Total Expenses</b>		<b>14,377.37</b>	<b>18,208.05</b>
<b>Profit/(loss) before exceptional items and tax</b>		<b>1,432.74</b>	<b>1,524.30</b>
Less: Exceptional items	31	308.25	347.94
<b>Profit/(loss) before tax</b>		<b>1,124.49</b>	<b>1,176.36</b>
<b>Tax expense:</b>			
- Current tax	18	356.45	483.68
- Deferred tax charge/(credit)	18	(49.25)	(45.15)
- Income tax of earlier years (net)	18	9.11	(28.24)
		<b>316.31</b>	<b>410.29</b>
<b>Net Profit/(Loss) for the year (A)</b>		<b>808.18</b>	<b>766.07</b>
<b>Other Comprehensive Income</b>			
(i) Items that will not be reclassified to profit or loss			
- Remeasurement gain/(losses) on defined benefit plans		36.90	94.53
(ii) Income tax relating to items that will not be reclassified to profit or loss		(9.29)	(23.79)
<b>Total (1)</b>		<b>27.61</b>	<b>70.74</b>
(i) Items that will be reclassified to profit or loss			
-Exchange gain/(loss) on translation of foreign operations (net)		29.43	(82.28)
(ii) Income tax relating to items that will be reclassified to profit or loss		-	-
<b>Total (2)</b>		<b>29.43</b>	<b>(82.28)</b>
<b>Other Comprehensive Income (1+2) (B)</b>		<b>57.04</b>	<b>(11.54)</b>
<b>Total Comprehensive Income (A+B)</b>		<b>865.21</b>	<b>754.53</b>
<b>Total comprehensive income for the year attributable to:</b>			
Equity holders of parent		865.21	754.53
Non-controlling interests		-	-
<b>Profit/(Loss) for the year attributable to:</b>			
Equity holders of parent		808.18	766.07
Non-controlling interests		-	-
<b>Other comprehensive income for the year attributable to:</b>			
Equity holders of parent		57.04	(11.54)
Non-controlling interests		-	-
<b>Earnings per equity share</b>			
(a) Basic (Face value of Rs. 10 each)	33	4.68	4.44
(b) Diluted (Face value of Rs. 10 each)		4.68	4.44
<b>Significant accounting policies &amp; other notes</b>	<b>1 to 54</b>		

Notes referred to herein above form an integral part of consolidated 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: 27<sup>th</sup> May, 2021

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

**Pradeep Goyal**  
Chairman and Managing Director  
DIN: 00008370

**Nivedita Nayak**  
Company Secretary  
Membership No. F8479

**Neeru Goyal**  
Director  
DIN: 05017190

**Kavita Choubisa Ojha**  
Chief Financial Officer

**Consolidated Cash Flow Statement for the year ended 31st March, 2021**

(Rs. in lakhs)

Particulars	Note	Year ended 31st March, 2021	Year ended 31st March, 2020
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>			
<b>Net profit before taxation</b>		1,124.49	1,176.36
Adjustments for:			
Depreciation and amortization	780.32		766.33
Allowance for doubtful debts	3.04		0.28
Allowance for doubtful advance	50.00		1.95
Amount no longer payable written back	(58.91)		-
Unrealised foreign exchange gain	(145.18)		(116.14)
(Profit)/loss on sale/discard of fixed asset (net)	61.73		66.58
Reduction in finished goods	73.11		75.67
PPP relief forgiven/utilised	(210.67)		-
Impairment of investment/goodwill (exceptional item)	270.00		270.00
Interest expenses	454.56		764.39
Interest income	(1.76)		(25.69)
		1,276.24	1,803.36
<b>Operating profit before changes in assets and liabilities</b>		<b>2,400.72</b>	<b>2,979.73</b>
Movements in working capital: [Current and Non-current]			
(Increase)/decrease in loans and advances and other current assets	(203.81)		494.13
(Increase)/decrease in inventories	159.53		135.53
(Increase)/decrease in trade receivable	(57.76)		683.75
Increase/(decrease) in trade payable, other current liabilities and provisions	548.78	446.74	(363.69)
		<b>2,847.47</b>	<b>3,929.45</b>
Adjustment for:			
Direct taxes paid (net of refund)		(373.10)	(448.39)
Net cash generated/(used in) from operating activities...(A)		<b>2,474.36</b>	<b>3,481.06</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of fixed assets (tangible/intangible) (including capital advances and work in progress)	(195.45)		(840.90)
Sale of fixed asset	51.11		1.26
(Increase)/decrease in other bank balances and non-current assets [Other than cash and cash equivalent]	5.00		(1.03)
Interest received	1.78		25.69
	<b>(137.56)</b>		<b>(814.98)</b>
Adjustment for:			
Direct taxes paid [including tax deducted at source]	(1.87)		(3.78)
Net cash generated/(used in) from investing activities...(B)		<b>(139.43)</b>	<b>(818.76)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>			
Proceeds from long term borrowing	2,213.03		315.58
Repayment of long term borrowing	(1,615.51)		(1,160.77)
Proceeds from short term borrowing (including government grant towards Paycheck Protection Program)	280.89		-
Payment of lease liabilities	(109.46)		(102.59)
Increase/(decrease) in working capital loan (net)	(2,599.00)		(723.37)
Dividend/interim dividend paid (including dividend distribution tax)	-		(416.40)
Interest paid	(466.44)		(773.25)
Net cash generated/(used) from financing activities...(C)		<b>(2,296.49)</b>	<b>(2,860.80)</b>
Net increase/(decrease) in cash and cash equivalents...(A + B + C)		<b>38.44</b>	<b>(198.49)</b>
Cash and cash equivalents at the beginning of the year	10 & 48	189.59	388.08
Cash and cash equivalents at the end of the year		228.03	189.59
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>38.44</b>	<b>(198.49)</b>
<b>Significant accounting policies &amp; other notes</b>	<b>1 to 54</b>		

Notes referred to herein above form an integral part of consolidated 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: 27<sup>th</sup> May, 2021

**For and on behalf of the Board of Directors of  
 Pradeep Metals Limited**
**Pradeep Goyal**  
 Chairman and Managing Director  
 DIN: 00008370

**Nivedita Nayak**  
 Company Secretary  
 Membership No. F8479

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**Kavita Choubisa Ojha**  
 Chief Financial Officer

## Consolidated Statement of changes in equity for the year ended 31st March, 2021

Particulars	Attributable to Owners						Non controlling interest (E)	Total (A+D+E)	
	Equity share capital (A)	Reserves and surplus (B)			Other Comprehensive Income (C)				Total Other Equity (D) (B+C)
		Securities Premium	Capital Reserve	General reserves	Retained earnings	Foreign currency translation reserve			
<b>For the year ended 31st March, 2020</b>									
Balance at 1st April, 2019	1,727.00	515.98	13.94	211.60	2,281.25	(8.53)	(59.73)	2,954.52	
Profit for the year	-	-	-	-	766.07	-	-	766.07	
Remeasurements gains/(loss) on defined benefit plan	-	-	-	-	-	-	70.74	70.74	
Exchange differences on translation of foreign operations	-	-	-	-	-	(82.28)	-	(82.28)	
Consolidation adjustment on account of elimination of unrealised profit in opening inventory	-	-	-	-	(111.08)	-	-	(111.08)	
Interim equity dividend	-	-	-	-	(345.40)	-	-	(345.40)	
Tax on interim equity dividend	-	-	-	-	(71.00)	-	-	(71.00)	
<b>Balance as at 31st March, 2020</b>	<b>1,727.00</b>	<b>515.98</b>	<b>13.94</b>	<b>211.60</b>	<b>2,519.84</b>	<b>(90.81)</b>	<b>11.01</b>	<b>3,181.56</b>	
<b>For the year ended 31st March, 2021</b>									
Balance at 1st April, 2020	1,727.00	515.98	13.94	211.60	2,519.84	(90.81)	11.01	4,908.56	
Profit for the year	-	-	-	-	808.21	-	-	808.21	
Remeasurements gains/(loss) on defined benefit plan	-	-	-	-	-	-	27.62	27.62	
Exchange differences on translation of foreign operations	-	-	-	-	-	29.43	-	29.43	
<b>Balance as at 31st March, 2021</b>	<b>1,727.00</b>	<b>515.98</b>	<b>13.94</b>	<b>211.60</b>	<b>3,328.05</b>	<b>(61.37)</b>	<b>38.63</b>	<b>4,046.82</b>	

**Significant accounting policies & other notes**

- i) **Securities premium**  
Securities premium is used to record premium on issue of shares. The reserve is utilised in accordance with the provisions of Companies Act, 2013.
- ii) **Capital reserve**  
Capital reserve represents capital surplus and not normally available for distribution as dividend.
- iii) **General Reserve**  
General Reserve is used from time to time to transfer profits from retained earnings for appropriation purposes.
- iv) **Retained earnings**  
Retained earnings represent the accumulated earnings net of losses if any made by the Company over the years.
- v) **Other comprehensive income - Defined benefit obligation**  
The reserve represents the remeasurement gains/(losses) arising from the actuarial valuation of the defined benefit obligations of the Company. The remeasurement gains/(losses) are recognised in other comprehensive income and accumulated under this reserve within equity. The amounts recognised under this reserve are not reclassified to profit or loss.
- vi) **Other comprehensive income - Foreign Currency Translation Reserve**  
Exchange differences relating to the translation of the results and net assets of the group's foreign operation from their functional currencies to the group's presentation currency (i.e. Rs.) are recognised directly in the other comprehensive income and accumulated in foreign currency translation reserve. The cumulative amount is reclassified to profit or loss when the investment is disposed-off.

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: 27<sup>th</sup> May, 2021

**For and on behalf of the Board of Directors of**

**Pradeep Metals Limited**

**Pradeep Goyal**

Chairman and Managing Director

DIN: 00008370

**Nivedita Nayak**

Company Secretary

Membership No. F8479

**Neeru Goyal**

Director

DIN: 05017190

**Kavita Choubisa Ojha**

Chief Financial Officer



## Notes on Consolidated Ind AS financial statements for the year ended 31<sup>st</sup> March, 2021

### 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.

The financial statements were authorized for issue in accordance with a resolution of the Directors on 27<sup>th</sup> May, 2021.

### 2. Basis of preparation

#### 2.1 Statement of compliance

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 with relevant amendment rules issued thereafter and guidelines issued by the Securities and Exchange Board of India.

The unaudited financial statements/financial information of WOS and SDS were subject to limited review by the auditors of Holding Company and certified by the Holding Company's management and have been prepared 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 31<sup>st</sup> March, 2021. 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 the investee)
- 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

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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 adopted in 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 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
(A)	<b>Wholly Owned Subsidiary [WOS]</b>			
1.	Pradeep Metals Limited, Inc., Houston	USA	100%	100%
(B)	<b>Step Down Subsidiary [SDS]</b>			
1.	Dimensional Machine Works, LLC, Houston	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 recognized 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 intra-group transactions that are recognized in assets, such as inventory and fixed assets, are eliminated in full). Intra-group losses may indicate an impairment that requires recognition in the consolidated financial statements. Ind AS 12 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intra-group transactions.
- (d) Consolidated profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the 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. Derecognizes the assets (including goodwill) and liabilities of the subsidiary
- ii. Derecognizes the carrying amount of any non-controlling interests
- iii. Derecognizes the cumulative translation differences recorded in equity
- iv. Recognizes the fair value of the consideration received
- v. Recognizes the fair value of any investment retained
- vi. Recognizes any surplus or deficit in the consolidated statement of profit and loss
- vii. Reclassifies the parent's share of components previously recognized 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**

Items included in the consolidated financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ('the functional 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 recognized 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 recognized 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. 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. 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/amortization 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/amortization and decommissioning costs are critical to the Group’s financial position and performance.

ii) Recognition of “Right of use” of assets as per the requirement of Ind AS 116 (Refer note 3.12, 4.2, 37)

iii) 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.

iv) 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.

v) 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.

vi) 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 recognized 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 recognized 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 unrecognized deferred tax assets.

vii) 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.

viii) 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.

ix) 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.

x) Impairment of goodwill

Goodwill is tested for impairment on an annual basis and whenever there is an indication that the

recoverable amount of a cash generating unit is less than its carrying amount based on a number of factors including operating results, business plans, future cash flows and economic conditions. The recoverable amount of cash generating units is determined based on higher of value-in-use and fair value less cost to sell. The goodwill impairment test is performed at the level of the cash-generating unit or groups of cash generating units which are benefitting from the synergies of the acquisition and which represents the lowest level at which goodwill is monitored for internal management purposes.

Market related information and estimates are used to determine the recoverable amount. Key assumptions on which management has based its determination of recoverable amount include estimated long term growth rates, weighted average cost of capital and estimated operating margins. Cash flow projections take into account past experience and represent management's best estimate about future developments.

In estimating the future cash flows/fair value less cost of disposal, the Group has made certain assumptions relating to the future customer base, future revenues, operating parameters, capital expenditure and terminal growth rate which the Group believes reasonably reflects the future expectation of these items. However, if these assumptions change consequent to change in future conditions, there could be further favorable/adverse effect on the recoverable amount of the assets. The assumptions will be monitored on periodic basis by the Group and adjustments will be made if conditions relating to the assumptions indicate that such adjustments are appropriate. On the disposal of the relevant cash generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

### 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 value or at the proportionate share of the acquiree's identifiable net assets. Acquisition related costs are expensed as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized 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 recognized 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 recognized 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 recognized 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 recognized in OCI and accumulated in equity as capital reserve. However, if there is no clear evidence of bargain purchase, the entity recognizes 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 to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether 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 recognized in the consolidated statement of profit and loss. An impairment loss recognized 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 unit retained.

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,

or additional assets or liabilities are recognized, 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 recognized 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 recognized 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 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 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.

Advances paid towards the acquisition of property, plant and equipment outstanding at each Balance Sheet date is classified as capital advances under "Other non-current assets". Cost of assets under construction/acquisition/not put to use at the Balance sheet date are disclosed under "Capital work-in-progress"

#### De-recognition

An item of property, plant and equipment and any significant part initially recognized is de-recognized 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-recognized.

### 3.4 Intangible assets and amortization

#### Recognition and measurement

Intangible assets are recognized 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
(d) Microwave Composite Heating Furnace project (SDF Technology)	7 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 recognized 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 amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized over the period of expected future benefit. Amortization expense is recognized in the consolidated statement of profit and loss unless such expenditure forms part of carrying value of another asset.

### 3.6 Inventories

Inventories consists of raw materials, consumables, dies, work-in-progress and scrap. 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.

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.

### 3.7 Revenue recognition

The policies for Revenue as presented in the consolidated financial statements are as under:

- Revenue from operation
  - ❖ The Group recognizes 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
  - ❖ Sale of goods is recognized 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 Goods and Service Tax (GST), 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 recognized 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 recognized 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 recognized over the period of contract on pro-rata basis.
- ❖ Revenue from sales of electricity is recognized 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 recognized 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 recognized as per the terms of the contract as and when services are rendered.
- Other income
  - ❖ Income from guarantee commission is recognized as a percentage of guarantee given on annual basis.
  - ❖ Dividend income is recognized 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 recognized on time proportion basis taking into account the amount outstanding and rate applicable.

### **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 Group will comply with the attached conditions. When the grant or subsidy relates to revenue, it is recognized as income or adjusted against expenses 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 deducted from the cost of the asset and the net amount of the asset is capitalized.

### **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 recognized 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 recognized 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 recognized in consolidated statement of profit and loss or other comprehensive income is also recognized in consolidated statement of profit or loss or other comprehensive income respectively).

- 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 recognized 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 recognized in the consolidated 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 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 recognized under finance cost.

Gains or losses on the curtailment or settlement of defined benefit plan are recognized 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 consolidated statement of profit and loss as income or expense.

### **3.11 Operating Segments**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (CODM). Operating Segments are defined as components of an enterprise for which discrete financial information is available that is evaluated regularly by the CODM, in deciding how to allocate resources and assessing performance.

### **3.12 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.

### **3.13 Leases**

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Group has elected not to recognize right of use assets and lease liabilities for leases of low-value assets and short-term leases. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices.

The Group recognizes a right of use asset and a lease liability at the lease commencement date. The right of use asset is initially measured at cost, which comprise of the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date net of lease incentive received, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located.

The right of use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any re-measurement of the lease liability. The right of use asset is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right of use asset unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right of use asset reflects that the Group will

exercise a purchase option. In that case the right of use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property, plant and equipment. The estimated useful lives of right of use assets are determined on the same basis as those of property, plant and equipment.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. The lease liability is measured at amortized cost using the effective interest method.

Identification of a lease requires significant judgment. The Group uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate. The Group determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the Group is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Group is reasonably certain not to exercise that option. In assessing whether the Group is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the Group to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Group revises the lease term if there is a change in the non-cancellable period of a lease.

### 3.14 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 recognized for all taxable temporary differences, and deferred tax assets are recognized 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 utilized.

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 recognized 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 recognized 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 unrecognized deferred tax assets. It recognizes previously unrecognized deferred tax assets to the extent that it has become probable that future taxable profit allow deferred tax assets to be recovered.

Dividend distribution tax arising out of payment of dividends to shareholders under the Indian Income Tax Act regulation are recognized in statement of changes in equity as part of associated dividend payment.

### **3.15 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.

### **3.16 Cash flow 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.

### **3.17 Provisions, contingent liabilities, contingent assets**

A provision is recognized 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 recognized 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 recognize a contingent asset but discloses its existence in the consolidated financial statements if the inflow of economic benefits is probable. However, when the realization of income is virtually certain, then the related asset is no longer a contingent asset, but it is recognized as an asset.

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

### **3.18 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.

### **3.19 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 recognized immediately in consolidated statement of profit or loss.

### **3.19.1 Financial assets**

All regular way purchases or sales of financial assets are recognized and derecognized 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 recognized financial assets are subsequently measured in their entirety at either amortized 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 amortized 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 amortized 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 recognized on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL. Interest income is recognized 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 recognized 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 recognized 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 recognized 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 recognized in consolidated statement profit or loss. The net gain or loss recognized 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 recognized 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 recognizes 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, unless there 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 consolidated statement of profit and loss.

#### **De-recognition of financial asset**

The Group de-recognizes 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 recognizes 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 recognizes 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 recognized in other comprehensive income and accumulated in equity is recognized in consolidated statement of profit or loss if such gain or loss would have otherwise been recognized 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 recognizes 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 recognized and the sum

of the consideration received for the part no longer recognized and any cumulative gain or loss allocated to it that had been recognized in other comprehensive income is recognized in consolidated statement of profit or loss if such gain or loss would have otherwise been recognized in consolidated statement of profit or loss on disposal of that financial asset. A cumulative gain or loss that had been recognized in other comprehensive income is allocated between the part that continues to be recognized and the part that is no longer recognized on the basis of the relative fair values of those parts.

### **3.19.2 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 recognized at the proceeds received, net of direct issue costs. Repurchase of the Group's own equity instruments is recognized and deducted directly in equity. No gain or loss is recognized 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 amortized 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 recognized 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 recognized 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 recognized in consolidated statement of profit or loss. The net gain or loss recognized 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 recognized 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 recognized in consolidated statement of profit or loss. The remaining amount of change in the fair value of liability is always recognized in consolidated statement of profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognized 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 recognized in consolidated statement of profit or loss.

#### **Financial liabilities subsequently measured at amortized cost**

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortized cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortized 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 amortized 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 recognized less, when appropriate, the cumulative amount of income recognized in accordance with the principles of Ind AS 115.

#### **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 recognized 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 recognized gains, losses (including impairment gains or losses) or interest.

**De-recognition of financial liabilities**

The Group de-recognizes 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-recognized and the consideration paid and payable is recognized in consolidated statement of profit or loss.

**3.20 New Ind AS & amendments to existing Ind AS issued but not effective as at 31<sup>st</sup> March, 2021**

Ministry of Corporate Affairs has not notified new standards or amendments to the existing standards which would have been effective from 1<sup>st</sup> April, 2021.

## Notes on consolidated financial statements for the year ended 31st March, 2021

### 4.1 Property, plant & equipment and intangible assets as at 31st March, 2021

(Rs. in lakhs)

Particulars	Gross block			Depreciation/amortization/impairment				Net block				
	As at 1st April, 2020	Additions	Deductions	Exchange Fluctuation	At 31st March, 2021	As at 1st April, 2020	For the year	On deductions	Impairment	Exchange Fluctuation	At 31st March, 2021	At 31st March, 2021
<b>Property, plant &amp; equipment (Tangible assets)</b>												
Freehold land	56.70	-	-	-	56.70	-	-	-	-	-	-	56.70
Factory buildings (Refer note 4.6)	1,728.10	23.07	-	-	1,751.17	181.93	74.21	-	-	-	256.14	1,495.03
Plant and machinery	3,514.83	204.65	215.30	35.71	3,468.47	1,227.84	360.52	159.12	-	17.70	1,411.54	2,056.93
Microwave Machinery	149.11	-	-	-	149.11	149.11	-	-	-	-	149.11	-
Windmill	1,246.21	-	-	-	1,246.21	223.45	56.21	-	-	-	279.66	966.55
Electrical installation	89.84	2.54	-	-	92.38	27.22	7.73	-	-	-	34.95	57.43
Office equipment	5.83	2.95	1.29	-	7.49	0.99	1.63	1.19	-	-	1.43	6.06
Computers	48.43	4.44	1.51	0.05	51.31	13.21	6.28	1.44	-	0.02	18.03	33.28
Furniture and fixtures	70.30	2.40	-	0.08	72.62	20.90	7.46	-	-	0.05	28.31	44.31
Vehicles	116.95	0.06	-	1.03	115.98	52.41	16.93	-	-	0.49	68.85	47.13
Dies	952.90	19.71	103.08	-	869.53	334.46	95.13	46.59	-	-	383.00	486.53
Leasehold Improvement	43.48	-	-	1.47	42.01	22.95	14.19	-	-	0.94	36.20	5.81
<b>Sub-total (A)</b>	<b>8,022.68</b>	<b>259.82</b>	<b>321.18</b>	<b>38.34</b>	<b>7,922.98</b>	<b>2,254.47</b>	<b>640.29</b>	<b>208.34</b>	<b>-</b>	<b>19.20</b>	<b>2,667.22</b>	<b>5,255.76</b>
<b>Intangible assets (Other than internally generated)</b>												
Software	97.93	2.45	-	0.90	99.48	49.67	15.38	-	-	3.47	61.58	37.90
Goodwill (refer note 4.13)	590.59	-	-	19.78	570.81	270.00	-	-	270.00	-	540.00	30.81
Microwave Composite Heating Furnace (SDF Technology)	304.10	-	-	-	304.10	0.11	41.27	-	-	-	41.38	262.72
<b>Sub-total (B)</b>	<b>992.62</b>	<b>2.45</b>	<b>-</b>	<b>20.68</b>	<b>974.39</b>	<b>319.78</b>	<b>56.65</b>	<b>-</b>	<b>270.00</b>	<b>3.47</b>	<b>642.96</b>	<b>331.43</b>
<b>Total [(A) + (B)]</b>	<b>9,015.30</b>	<b>262.27</b>	<b>321.18</b>	<b>59.02</b>	<b>8,897.37</b>	<b>2,574.25</b>	<b>696.94</b>	<b>208.34</b>	<b>270.00</b>	<b>22.67</b>	<b>3,310.18</b>	<b>5,587.19</b>

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### 4.2 Right of use asset (Refer note 36)

(Rs. in lakhs)

Particulars	Building	Leasehold Land	Total
<b>Gross carrying value</b>			
<b>Balance as at 31st March, 2019</b>	-	55.81	55.81
Additions in 2019-20	122.27	199.78	322.05
Deletions in 2019-20	-	-	-
<b>Balance as at 31st March, 2020</b>	<b>122.27</b>	<b>255.59</b>	<b>377.86</b>
Additions in 2020-21	-	-	-
Deletions in 2020-21	-	-	-
Foreign exchange fluctuation	-	(6.75)	(6.75)
<b>Balance as at 31st March, 2021</b>	<b>122.27</b>	<b>248.84</b>	<b>371.11</b>
<b>Accumulated amortization</b>			
<b>Balance as at 31st March, 2019</b>	-	15.50	15.50
Charge for the year 2019-20	29.35	78.16	107.51
Foreign exchange fluctuation	-	5.10	5.10
<b>Balance as at 31st March, 2020</b>	<b>29.35</b>	<b>98.76</b>	<b>128.11</b>
Charge for the year 2020-21	29.35	80.96	110.30
Foreign exchange fluctuation	-	(3.28)	(3.28)
<b>Balance as at 31st March, 2021</b>	<b>58.69</b>	<b>176.44</b>	<b>235.13</b>
<b>Net carrying amount</b>			
Balance as at 31st March, 2020	92.92	156.83	249.75
<b>Balance as at 31st March, 2021</b>	<b>63.58</b>	<b>72.41</b>	<b>135.98</b>

### 4.3 Depreciation

(Rs. in lakhs)

Particulars	2020-21	2019-20
Depreciation on Property, plant & equipment and intangible assets (including CWIP)	704.32	658.82
Depreciation on Right of use assets	110.30	107.51
Less: Depreciation shown under exceptional items (refer note 31)	41.11	11.58
<b>Net depreciation as per statement of profit &amp; loss</b>	<b>773.51</b>	<b>754.75</b>

**4.4 Property, plant & equipment and intangible assets as at 31st March, 2020**

(Rs. in lakhs)

Particulars	Gross block				Depreciation				Net block At 31st March, 2020	
	At 1st April, 2019	Additions	Deduc- tions	Exchange Fluctua- tion	At 31st March, 2020	For the year April, 2019	On Sales/ Discard	Impair- ment		Exchange Fluctua- tion
<b>Property, plant &amp; equipment (Tangible assets)</b>										
Freehold land	56.70	-	-	-	56.70	-	-	-	-	-
Factory buildings	1,488.10	240.00	-	-	1,728.10	124.35	57.58	-	-	181.93
Plant and machinery	2,711.20	733.61	22.80	92.82	3,514.83	829.39	380.93	21.65	39.18	1,227.84
Microwave Machinery	149.11	-	-	-	149.11	149.11	-	-	-	149.11
Windmill	1,246.21	-	-	-	1,246.21	167.20	56.26	-	-	223.45
Electrical installation	88.04	5.97	4.17	-	89.84	23.44	7.55	3.77	-	27.22
Office equipment	5.44	1.53	1.14	-	5.83	0.60	1.46	1.08	-	0.99
Computers	44.75	8.44	4.90	0.14	48.43	10.86	7.13	4.83	-	13.21
Furniture and fixtures	68.57	4.43	2.92	0.22	70.30	15.90	7.52	2.62	0.10	20.90
Vehicles	114.45	0.22	0.35	2.62	116.95	34.29	17.39	0.16	0.90	52.41
Dies	1,014.60	42.02	103.72	-	952.90	279.49	93.00	38.04	-	334.46
Leasehold Improvements	39.74	-	-	3.74	43.48	7.73	13.60	-	1.62	22.95
<b>Sub-total (A)</b>	<b>7,026.92</b>	<b>1,036.22</b>	<b>140.02</b>	<b>99.54</b>	<b>8,022.68</b>	<b>1,642.36</b>	<b>642.42</b>	<b>72.15</b>	<b>41.84</b>	<b>2,254.46</b>
<b>Intangible assets (Other than internally generated)</b>										
Software	94.90	0.74	-	2.29	97.93	32.37	16.29	-	1.01	49.67
Goodwill on acquisition	518.13	-	-	72.46	590.59	-	-	-	-	270.00
Microwave Composite Heating Furnace (SDF Technology) (refer note 4.5)	-	304.10	-	-	304.10	-	0.11	-	-	0.11
<b>Sub-total (B)</b>	<b>613.03</b>	<b>304.84</b>	<b>-</b>	<b>74.75</b>	<b>992.62</b>	<b>32.37</b>	<b>16.40</b>	<b>-</b>	<b>1.01</b>	<b>319.78</b>
<b>Total [(A) + (B)]</b>	<b>7,639.95</b>	<b>1,341.06</b>	<b>140.02</b>	<b>174.29</b>	<b>9,015.30</b>	<b>1,674.73</b>	<b>658.82</b>	<b>72.15</b>	<b>42.85</b>	<b>2,574.24</b>
										<b>6,441.05</b>

**4.5** During the previous year, the Holding Company had capitalised microwave composite heating furnace project net of government grant of Rs. 214.00 lakhs in accordance with Ind AS 20 - Accounting for Government Grants and Disclosure of Government Assistance.

**4.6** Factory Building is constructed on Leasehold Land (operating lease).

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### 4.7 Movement of capital work in progress

(Rs. in lakhs)

Particulars	2020-21			
	P & M	Building	Others	Total
Opening capital work in progress	148.04	46.72	-	194.76
Add: Addition during the year	41.10	11.63	65.87	118.60
Less: Assets capitalized/reversed during the year	143.06	18.34	6.88	168.28
<b>Closing capital work in progress</b>	<b>46.07</b>	<b>40.01</b>	<b>58.99</b>	<b>145.08</b>

(Rs. in lakhs)

Particulars	2019-20			
	P & M	Building	Others	Total
Opening capital work in progress	536.48	121.73	0.48	658.69
Add: Addition during the year	236.85	162.22	-	399.07
Less: Assets capitalized/reversed during the year	625.28	237.23	0.48	862.98
<b>Closing capital work in progress</b>	<b>148.05</b>	<b>46.72</b>	<b>-</b>	<b>194.77</b>

### 4.8 Movement of intangible assets under development

(Rs. in lakhs)

Particulars	2020-21	2019-20
Opening intangible under development	-	431.74
Add: Additions during the year (Refer note 4.9)	-	86.36
Less: Intangible capitalized during the year	-	518.10
<b>Closing capital work in progress</b>	<b>-</b>	<b>-</b>

### 4.9 Details of direct expenses and allocated indirect expenses incurred for intangible assets under development

(Rs. in lakhs)

Particulars	2020-21	2019-20
Salary & Wages	-	35.37
Professional Fees	-	37.74
Repairs & Maintenance Expenses	-	0.08
Materials, Stores & Spares	-	11.39
Other Expenses	-	1.78
<b>Total</b>	<b>-</b>	<b>86.36</b>



**4.10 Details of remaining amortization period and carrying value of intangible assets is as given below:**

Particulars	Carrying amount as at (Rs. in lakhs)		Remaining useful life as at (months)	
	31-Mar-21	31-Mar-20	31-Mar-21	31-Mar-20
Epicor software	31.47	37.80	52	64
Mastercam Mill 3D Purchase	0.44	2.71	-	9
HR software	0.24	1.61	-	10
Microwave composite heating furnace (SDF Technology)	262.72	303.99	72	84
Other software's	5.75	4.52	11 to 24	11 to 24

**4.11** First pari passu charge has been created on fixed assets of the Holding Company (present and future) (excluding windmill) in respect of term loans taken by the Holding Company (Refer Note 15.1) and in respect of foreign currency term loan of USD 1.24 Million outstanding as on 31st March, 2021 (Outstanding as on 31st March, 2020 : USD 2.15 Million) taken by Pradeep Metals Limited, Inc., Houston, USA (Wholly Owned Subsidiary) from Union Bank of India, Hong Kong. Further, second charge has been created on the fixed assets of the Holding Company for working capital facility availed by the Holding Company [Refer Note 18.1(i)]. The overdraft facility of Nil (Previous Year : USD 1.00 Million) taken by Pradeep Metals Limited, Inc., Houston, USA (Wholly Owned Subsidiary) against standby letter of credit (SBLC), which is part of working capital facility of the Holding Company.

**4.12 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:

(Rs. in lakhs)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Cost	18.40	46.48
Accumulated depreciation	6.92	15.32
Exchange adjustment	2.30	2.96
<b>Net carrying amount</b>	<b>13.79</b>	<b>34.12</b>

**4.13** Considering the accumulated losses in Step Down Subsidiary (SDS) and management's assessment of financial impact on account of COVID-19 on future cash flows, during the year ended 31st March, 2021, provision for impairment of goodwill amounting to Rs. 270 lakhs (USD 365,865) (Previous year : Rs. 270 lakhs USD 356,836) has been made. Management is of the view that expected growth in the demand of the SDS's products and other steps taken by the management, will generate sufficient cash flows to cover balance carrying value of goodwill and the carrying value of the tangible assets as at 31st March, 2021.

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(Rs. in lakhs except share and per share data)

5	<b>Non current Investment</b> (At cost, unless otherwise specified)	<b>As at 31st March, 2021</b>	<b>As at 31st March, 2020</b>
	<b>Others</b>		
	<b>Unquoted equity instruments (fully paid)</b>		
	<b>Equity shares at fair value through profit &amp; loss</b>		
	TJSB Sahkari Bank Limited	0.05	0.05
	[(100 (Previous year : 100) shares of Rs. 50 each)]		
	<b>Total</b>	<b>0.05</b>	<b>0.05</b>

### 5.1 Other disclosures of investment (Rs. in lakhs)

Particulars	<b>As at 31st March, 2021</b>	<b>As at 31st March, 2020</b>
Aggregate value of unquoted investment	0.05	0.05

(Rs. in lakhs)

6	<b>Other non-current financial assets</b> (Unsecured, considered good unless otherwise stated)	<b>As at 31st March, 2021</b>	<b>As at 31st March, 2020</b>
	Security deposits	47.65	53.27
	Deposit with bank (under lien) having remaining maturity more than 12 months	0.83	12.14
	Other receivables	-	2.90
	<b>Total</b>	<b>48.48</b>	<b>68.31</b>

6.1 Bank deposits aggregating to Rs. 0.83 lakh (Previous year : Rs. 12.14 lakhs) are under lien with bank towards guarantees issued by bank.

(Rs. in lakhs)

7	<b>Other non-current assets</b> (Unsecured, considered good unless otherwise stated)	<b>As at 31st March, 2021</b>	<b>As at 31st March, 2020</b>
	<b>Capital advances</b>		
	- Consider good	298.60	346.34
	- Considered doubtful	51.36	1.36
		<b>349.96</b>	<b>347.70</b>
	Less:- Allowance for bad and doubtful advances	(51.36)	(1.36)
		<b>298.60</b>	<b>346.34</b>
	Custom bond deposit	182.78	113.50
	Prepaid expenses	5.81	8.91
	<b>Total</b>	<b>487.19</b>	<b>468.75</b>

(Rs. in lakhs)

8	<b>Inventories</b> (At lower of cost or net realisable value unless otherwise stated)	<b>As at</b>	<b>As at</b>
		<b>31st March, 2021</b>	<b>31st March, 2020</b>
	Raw material - Steel	1,013.51	1,013.72
	Raw materials - Dies	62.68	58.95
	Work-in-progress	1,562.72	1,935.30
	Finished goods	590.30	863.78
	Finished goods in transit	397.51	-
	Stock in trade	19.75	7.59
	Stores, spares and consumables	111.15	127.17
	Scrap	24.27	8.01
	<b>Total</b>	<b>3,781.89</b>	<b>4,014.53</b>

- 8.1 Considering impact of COVID-19, oil industries crisis and suspension of orders for navy products, in view of the management, the value of inventory of finished goods in SDS is reduced by Rs. 73.11 lakhs (USD 100,000). (Previous year : Rs. 75.66 lakhs, USD 100,000)
- 8.2 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 provision is made as mentioned in note 8.1. Auditor's have relied on the management for the demand estimate and expected price realization.
- 8.3 In case of Holding Company, during the year ended 31st March, 2021, Rs. 3.02 lakhs (Previous year : Rs.18.10 lakhs) was recognised as an expenses for inventories carried at net realisable value. Aggregate expenses charged to Statement of Profit and Loss amounts to Rs. 76.13 lakhs (Previous year : Rs. 93.76 lakhs).

(Rs. in lakhs)

9	<b>Trade receivables</b> (Unsecured, considered good unless otherwise stated)	<b>As at</b>	<b>As at</b>
		<b>31st March, 2021</b>	<b>31st March, 2020</b>
	<b>Unsecured</b>		
	Considered good	4,175.93	4,112.48
	Considered doubtful	3.76	0.73
		<b>4,179.69</b>	<b>4,113.21</b>
	Less: Allowance for doubtful receivables	(3.76)	(0.73)
	<b>Total</b>	<b>4,175.93</b>	<b>4,112.49</b>

- 9.1 No trade receivables are due from directors or other officers of the Company either severally or jointly with any other person.
- 9.2 Trade receivables are non-interest bearing and are generally on terms of 30 to 270 days.
- 9.3 Trade receivable includes export bills aggregating to Rs. 294.47 lakhs (Previous year : Rs. 573.44 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.
- 9.4 Trade receivable includes Nil (Previous year : Nil) receivable from private company having common director.
- 9.5 Refer note 42 for policy on expected credit loss.

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- 9.6 The Holding Company has registered under the Micro, Small and Medium Enterprises Development Act, 2006 [MSMED Act]. The relevant provisions in respect of receivable are applicable to the Holding Company.
- 9.7 From the current year onwards, the Holding Company has started entering forward cover contracts to hedge the export receivable.

(Rs. in lakhs)

10 Cash and cash equivalents and other bank balances	As at 31st March, 2021	As at 31st March, 2020
<b>Cash and cash equivalents</b>		
Cash on hand	1.25	1.30
Balances with banks		
- In current accounts	226.78	188.29
<b>Total</b>	<b>228.03</b>	<b>189.59</b>
<b>Other bank balances</b>		
- In fixed deposits having remaining maturity less than 12 months (refer note 10.2)	7.86	8.65
- Earmarked balances (on unpaid dividend account) (refer note 10.3)	20.42	24.63
<b>Total</b>	<b>28.28</b>	<b>33.28</b>

- 10.1 Bank deposits earns interest at fixed rates.
- 10.2 Bank deposits aggregating to Rs. 7.86 lakhs (Previous year : Rs. 8.65 lakhs) are under lien with banks towards guarantees issued by bank.
- 10.3 Earmarked balance for unpaid dividend accounts includes Nil (Previous year : Rs. 2.74 lakhs) for which necessary formalities were completed subsequent to year end by the bank.

(Rs. in lakhs)

11 Loans (Unsecured, considered good unless otherwise stated)	As at 31st March, 2021	As at 31st March, 2020
<b>Other loans</b>		
Loan to employees	6.71	7.49
<b>Total</b>	<b>6.71</b>	<b>7.49</b>

- 11.1 No loans and advances are due from directors or other officers of the Group either severally or jointly with any other person.
- 11.2 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.

(Rs. in lakhs)

12	<b>Other current financial assets</b> (Unsecured, considered good unless otherwise stated)	<b>As at</b>	<b>As at</b>
		<b>31st March, 2021</b>	<b>31st March, 2020</b>
	Export incentive receivable	216.26	164.17
	Sales tax refund receivable	4.99	6.12
	Balance with government authorities	2.78	2.78
	Amount recoverable from customers (Dies)	14.23	4.79
	Interest accrued on fixed deposits	0.03	0.05
	Other receivables (includes forward contracts receivables)	57.79	29.30
	<b>Total</b>	<b>296.08</b>	<b>207.21</b>

**12.1 Break up of financial assets carried at amortised cost** (Rs. in lakhs)

Particulars	<b>As at</b>	<b>As at</b>
	<b>31st March, 2021</b>	<b>31st March, 2020</b>
Loans (Refer note 11)	6.71	7.49
Other financial assets (Refer note 6 & 12)	344.56	275.52
Trade receivables (Refer note 9)	4,175.93	4,112.49
Cash & cash equivalents (Refer note 10)	228.03	189.59
Other bank balance (Refer note 10)	28.28	33.28
<b>Total</b>	<b>4,783.51</b>	<b>4,618.37</b>

**12.2 Break up of financial assets carried at fair value through P&L** (Rs. in lakhs)

Particulars	<b>As at</b>	<b>As at</b>
	<b>31st March, 2021</b>	<b>31st March, 2020</b>
Investments (Refer note 5)	0.05	0.05
<b>Total</b>	<b>0.05</b>	<b>0.05</b>

(Rs. in lakhs)

13	<b>Other current assets</b> (Unsecured, considered good unless otherwise stated)	<b>As at</b>	<b>As at</b>
		<b>31st March, 2021</b>	<b>31st March, 2020</b>
	Advance to suppliers (other than capital advance)	13.40	23.90
	Considered doubtful	1.95	1.95
		<b>15.35</b>	<b>25.85</b>
	Less: Allowance for bad and doubtful advances	1.95	1.95
		<b>13.40</b>	<b>23.90</b>
	Input tax credit receivable (including refund receivable)	213.43	128.51
	Prepaid expenses	83.93	100.50
	Advance contribution towards gratuity fund	25.80	-
	<b>Total</b>	<b>336.56</b>	<b>252.91</b>

**13.1** No advances are due from directors or other officers of the Group either severally or jointly with any other person.

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### 14 Share capital

(Rs. in lakhs except share and per share data)

14.1 Authorised capital	As at 31st March, 2021	As at 31st March, 2020
<b>Equity share capital</b> 1,85,00,000 (Previous year : 1,85,00,000) Equity Shares of Rs. 10 each	1,850.00	1,850.00
<b>Preference share capital</b> 5,50,000 (Previous year : 5,50,000) Preference Shares of Rs. 100 each	550.00	550.00
<b>Total</b>	<b>2,400.00</b>	<b>2,400.00</b>

(Rs. in lakhs except share and per share data)

14.2 Issued, subscribed and paid-up capital	As at 31st March, 2021	As at 31st March, 2020
<b>Issued</b> 1,72,70,000 (Previous year : 1,72,70,000) Equity Shares of Rs. 10 each	1,727.00	1,727.00
<b>Issued, subscribed and paid-up</b> 1,72,70,000 (Previous year : 1,72,70,000) Equity Shares of Rs. 10 each	1,727.00	1,727.00
<b>Total</b>	<b>1,727.00</b>	<b>1,727.00</b>

**14.3** 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 of 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.

14.4 Reconciliation of number of equity shares outstanding at the beginning and at the end of the reporting year	As at 31st March, 2021	As at 31st March, 2020
Shares outstanding at beginning of the year	1,72,70,000	1,72,70,000
Shares issued during the year	-	-
Shares bought back during the year	-	-
<b>Shares outstanding at the end of the year</b>	<b>1,72,70,000</b>	<b>1,72,70,000</b>

### 14.5 Equity Shares held by each shareholder holding more than 5% shares

Name of shareholder	As at 31st March, 2021		As at 31st March, 2020	
	Number of Shares	% of holding	Number of Shares	% of holding
Mr. Pradeep Goyal	15,76,400	9.13	15,76,400	9.13
Mrs. Neeru P. Goyal	9,19,927	5.33	9,19,927	5.33
Nami Capital Private Limited [formerly known as Rabale Engineering (I) Private Limited]	1,01,94,456	59.03	99,72,542	57.74

**14.6 Shares held by Ultimate Holding Company**

Name of shareholder	As at 31st March, 2021		As at 31st March, 2020	
	Number of Shares	% of holding	Number of Shares	% of holding
Nami Capital Private Limited [formerly known as Rabale Engineering (I) Private Limited]	1,01,94,456	59.03	99,72,542	57.74

(Rs. in lakhs)

15 Borrowings (Non current)	As at 31st March, 2021	As at 31st March, 2020
<b>Secured</b>		
<b>Term loans</b>		
From banks		
- Foreign currency loan [Refer note 15.1(i) and 15.2]	1,410.59	767.73
- Rupee loan [Refer note 15.1(i) and 15.2]	495.70	269.18
- Term loans [Refer note 15.1(ii) and 15.2]	467.58	966.73
- Machinery loan [Refer note 15.1(iv) and 15.2]	8.30	28.58
<b>Total</b>	<b>2,382.17</b>	<b>2,032.22</b>

**15.1 Details of security provided**

- (i) In case of Holding Company, all term loans (Foreign currency loans & Rupee loans) are secured by first pari passu charge on freehold land, leasehold land and building thereon, windmill and plant and machinery and second charge on entire current assets of the Company (Refer note 4.11). The loans are further secured by personal guarantee of Chairman and Managing Director of the Holding Company.
- (ii) In case of WOS, 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 and 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 was secured against hypothecation of the vehicle against which the loan was taken. The loan was further secured by personal guarantee of Chairman and Managing Director and one Director of the Holding Company. The vehicle opening loan liability (grouped under note 20) has been paid off during the year.
- (iv) Machinery loan taken by SDS is secured against hypothecation of machine. Further, machinery loan is guaranteed by WOS.

**15.2 Terms of repayment and maturity profile of the term loan is as set out below:**

(Rs. in lakhs)

Borrowings	Interest Rates	As at 31st March, 2021	As at 31st March, 2020
Term loan - X (INR) Repayable in 16 quarterly instalments of Rs. 29.00 lakhs each starting from September 2017.	1YMCLR+1.00% (Previously 9.50% p.a.)	-	12.15

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(Rs. in lakhs)

Borrowings	Interest Rates	As at 31st March, 2021	As at 31st March, 2020
Working Capital Term Loan (INR) Repayable in 17 quarterly instalments of Rs. 30.00 lakhs each starting from September 2017.	1YMCLR+1.00% (Previously 9.50% p.a.)	-	34.00
Term loan XII (INR) Repayable in 20 quarterly instalments of Rs. 18.00 lakhs each starting from June 2018.	1YMCLR+1.00% (Currently 8.20% p.a.)	106.86	171.09
Foreign currency term loan VIII Repayable in 16 quarterly instalments of Rs. 30.00 lakhs each starting from June 2016.	6ML+2.25% (Previously 4.17% p.a.)	-	1.20
Foreign currency term loan IX Repayable in 21 quarterly instalments of Rs. 50.00 lakhs each starting from January 2017.	6ML+2.25% (Currently 2.46% p.a.)	150.90	356.07
Foreign currency term loan X Repayable in 16 quarterly instalments of Rs. 29.00 lakhs each starting from September 2017.	6ML+2.25% (Previously 4.17% p.a.)	-	89.25
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.	6ML+2.25% (Currently 2.46% p.a.)	401.54	549.54
Term loan XIII Repayable in 20 quarterly installments of Rs. 22.50 lakhs each starting from July 2019.	1YMCLR+1.00% (Currently 8.20% p.a.)	220.10	224.65
Term loan XIV Repayable in 20 quarterly installments of Rs. 16.50 lakhs each starting from October 2019.	1YMCLR+1.00% (Currently 8.20% p.a.)	5.00	22.56
Foreign currency term loan XIV Repayable in 20 quarterly installments of Rs. 16.50 lakhs each starting from October 2019.	6ML+2.25% (Currently 2.46% p.a.)	126.77	167.83
Foreign currency - Working Capital Term Loan Repayable in 17 quarterly installments of Rs. 30.00 lakhs each starting from September 2017.	1YMCLR+1.00% (Currently 8.20% p.a.)	61.74	152.53
Term loan XV Repayable in 17 quarterly installments of Rs. 17.70 lakhs each starting from December 2020.	1YMCLR+1.00% (Currently 8.20% p.a.)	57.04	60.84



(Rs. in lakhs)

<b>Borrowings</b>	<b>Interest Rates</b>	<b>As at 31st March, 2021</b>	<b>As at 31st March, 2020</b>
Vehicle loan (i) In case of Holding Company, repayable in 60 equated monthly installments 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.	-	-	13.39
Term Loan (COVID-19) (INR) Repayable in 18 equated monthly installments of Rs. 37.78 lakhs each starting from January 2021.	8.00% (Fixed)	528.88	-
Term Loan XVII (FCTL) Repayment in 12 quarterly installments starting from December 2022. First 4 installments of Rs. 75.00 lakhs per quarter and thereafter 8 installments Of Rs. 150.00 lakhs per quarter.	6ML+2.25% (Currently 2.46% p.a.)	1,143.28	-
Term Loan XVII (INR) Repayment in 12 quarterly installments starting from December 2022. First 4 installments of Rs. 75.00 lakhs per quarter and thereafter 8 installments Of Rs. 150.00 lakhs per quarter.	1YMCLR+1.00% (Currently 8.20% p.a.)	253.59	-
Term Loan XVI (INR) Repayable in 17 quarterly installments of Rs. 17.70 lakhs each starting from December 2020.	1YMCLR+1.00% (Currently 8.20% p.a.)	1.62	-
Term loan (i) USD 2,000,000 repayable in 20 quarterly installments [3 installments of USD 100,000, 12 installments of USD 50,000 and 5 installments of USD 220,000] starting from 31st October, 2016 till 31st July, 2021. (ii) USD 1,200,000 repayable in 18 quarterly installments [12 installments of USD 40,000 and 6 installments of USD 120,000] starting from 31st December, 2018 till 31st January, 2023.	6ML + 2.75% (Currently 3.06%)	906.30	1,625.02
Lease obligation are repayable in 8 quarterly installments from the date of disbursement of respective loans.		-	5.14
USD 166,120 repayable in monthly installments [84 installments of USD 2,294.74] starting from September 2015 till August 2022.	4.25% (Fixed)	27.62	47.73
<b>Total</b>		<b>3,991.25</b>	<b>3,533.00</b>

Above figures are including current maturity as disclosed in note 20.

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(Rs. in lakhs)

16 Provisions (Non current)	As at 31st March, 2021	As at 31st March, 2020
<b>Provision for employee benefits</b>		
- Leave benefits [Refer note 48(b)]	25.01	26.97
<b>Total</b>	<b>25.01</b>	<b>26.97</b>

### 17 Income & deferred taxes

The major components of income tax expense for the years ended 31st March, 2021 & 31st March, 2020 are as under:

#### 17.1 Statement of profit & loss

(Rs. in lakhs)

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Current income tax	356.45	483.68
Deferred tax	(49.25)	(45.15)
Income tax and deferred tax of earlier years (net)	9.11	(28.24)
<b>Tax expense reported in the statement of profit &amp; loss</b>	<b>316.31</b>	<b>410.29</b>

#### 17.2 Other comprehensive income (OCI)

(Rs. in lakhs)

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
<b>Deferred tax related to items recognised in OCI</b>		
Re-measurement of defined benefit plans charge/(credit)	9.29	23.79
<b>Deferred tax charge/(credit)</b>	<b>9.29</b>	<b>23.79</b>

#### 17.3 Reconciliation of tax expenses and the accounting profit multiplied by applicable tax rate for 31st March, 2021 and 31st March, 2020

(Rs. in lakhs)

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Accounting profit before tax	1,124.49	1,176.36
Applicable income tax rate	25.17%	25.17%
	<b>283.01</b>	<b>296.07</b>
- Permanent differences (Provision for impairment in Investment, donation etc.)	89.28	78.66
- Difference due to reduction in tax rate (refer note 17.4)	-	(67.60)
- Income tax and deferred tax of earlier years (net)	9.11	(28.24)
- Losses of subsidiaries (refer note 17.8)	(65.09)	131.40
<b>Subtotal</b>	<b>316.31</b>	<b>410.29</b>
At the effective income tax rate of	28.13%	34.88%
<b>Tax expense reported in the Consolidated statement of profit and loss</b>	<b>316.31</b>	<b>410.29</b>

17.4 In the year ended 31st March, 2020, the Holding Company had decided to exercise the option permitted under section 115BAA of the Income tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019. Accordingly, the Holding Company had recognized provision for income tax and deferred tax liabilities (net) on the basis of the rate prescribed in the said section. The net impact of this change amounting to Rs. 67.60 lakhs (reversal of current tax & deferred tax liabilities) was recognized during the year ended 31st March, 2020.

**17.5 Deferred tax liabilities (net)** (Rs. in lakhs)

Particulars	As at 31st March, 2021	As at 31st March, 2020
<b>Deferred tax relates to the following:</b>		
Differences in depreciation and amortization for accounting and income tax purposes	427.95	485.38
Provision for doubtful debts/advances	(0.95)	(0.18)
Provision for NMMC cess liability	(0.05)	(0.07)
Provision for employee benefits	(39.19)	(37.70)
Right of use asset	(1.59)	(1.12)
Weighted average deduction u/s 80JJAA	(4.92)	-
<b>Net deferred tax liabilities</b>	<b>381.25</b>	<b>446.30</b>

**17.6 Reflected in the balance sheet as follows**

(Rs. in lakhs)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Deferred tax assets	(46.70)	(39.08)
Deferred tax liabilities	427.95	485.38
<b>Deferred tax liabilities (net)</b>	<b>381.25</b>	<b>446.30</b>

**17.7 Deferred tax expenses/(income)**

(Rs. in lakhs)

Particulars	As at 31st March, 2021	As at 31st March, 2020
<b>Deferred tax relates to the following:</b>		
Differences in depreciation and amortization for accounting and income tax purposes	(41.63)	(41.67)
Provision for doubtful debts/advances	(0.76)	0.34
Provision for NMMC cess liability	0.02	18.19
Provision for employee benefits	(1.49)	9.70
Right of use asset	(0.47)	(1.12)
Weighted average deduction u/s 80JJAA	(4.92)	-
<b>Net deferred tax charge/(credit) (including amount pertaining to previous years &amp; shown under OCI)</b>	<b>(49.25)</b>	<b>(14.56)</b>

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**17.8** 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. Deferred tax asset has not been recognised on impairment in the value of investment of Rs. 270 lakhs (Previous year : Rs. 270 lakhs) and provision for doubtful capital advances Rs. 50 lakhs (Previous year : Nil) in the absence of reasonable certainty of its reversal in future.

**17.9** 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 by WOS. Further, no deferred tax asset is recognized in absence of reasonable certainty of having taxable income (on consolidated basis) in future years.

(Rs. in lakhs)

18 Borrowings (Current)	As at 31st March, 2021	As at 31st March, 2020
<b>Secured</b>		
<b>From bank</b>		
Working capital loans (Refer note 18.1)		
- Cash credit (Repayable on demand)	52.24	1,932.94
- Packing credit (Repayable within 180 days)	1,950.17	2,445.78
- Bills discounted (Repayable within 30 to 270 days)	294.47	573.44
- Amount received towards Paycheck Protection Program	70.22	-
<b>Total</b>	<b>2,367.10</b>	<b>4,952.16</b>

### 18.1 Details of security provided on working capital loans

- i) Working capital loans are secured by first charge by way of hypothecation of inventory and book debts and second charge on entire fixed assets of the Holding Company. The loans are further secured by personal guarantee of Chairman & Managing Director of the Holding Company.
- ii) During the year, the SDS had received an unsecured promissory note (the "PPP (paycheck protection program) Loan") for Rs. 280.89 lakhs (USD 384,200) through program established under the CARES Act and administered by the U.S. Small Business Administration (the "SBA"). The PPP Loan was guaranteed by the SBA. The PPP Loan was able to have the debt be forgiven, in whole or in part, if the SDS met certain eligibility requirements for PPP Loan at the time of application, used the loan proceeds for eligible expenses within defined period, and otherwise satisfied PPP requirements. Subsequently, the SDS was informed that its application for forgiveness of Rs. 140.44 lakhs (USD 192,100) of the PPP Loan was approved. Till 31st March, 2021, proceeds received under the program amounting to Rs. 210.67 lakhs (USD 288,150) has been utilised by the SDS as per the government guidelines. Balance unspent of Rs. 70.22 lakhs (USD 96,050) has been grouped under short-term borrowings as "Amount received towards Paycheck protection program" which is expected to be utilised in next financial year.

(Rs. in lakhs)

19 Trade payables	As at 31st March, 2021	As at 31st March, 2020
- Dues to micro & small enterprises [Refer note 19.1]	22.91	24.21
- Dues to other than micro & small enterprises	1,888.66	1,175.60
<b>Total</b>	<b>1,911.57</b>	<b>1,199.81</b>

**19.1** 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.

**19.2** Details of dues to Micro and Small Enterprises as defined under Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act, 2006)

(Rs. in lakhs)

<b>Particulars</b>	<b>As at 31st March, 2021</b>	<b>As at 31st March, 2020</b>
Principal amount due to supplier under MSMED Act, 2006	22.91	24.21
Interest accrued and due to suppliers under MSMED Act, 2006 on the above amount	-	-
Payment made to suppliers (other than interest) beyond the appointed day, during the year	-	-
Interest paid to supplier under MSMED Act, 2006 (other than section 16)	0.04	1.05
Interest paid to suppliers under MSMED Act, 2006 (Section 16)	-	-
Interest due to payable to suppliers under MSMED Act, 2006 for payments already made	-	-
Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act, 2006	-	-

**19.3 Terms & conditions of the above financial liabilities:**

Trade payables are non-interest bearing and are generally settled on 15 to 270 days terms. For details of balances outstanding of related parties. (refer note 37.3)

(Rs. in lakhs)

<b>20 Other current financial liabilities</b>	<b>As at 31st March, 2021</b>	<b>As at 31st March, 2020</b>
Current maturity of long term borrowings		
- Machinery loan	19.32	19.15
- Term loan	438.73	658.29
- Rupee loan	677.40	256.11
- Foreign currency loan	473.64	548.69
- Vehicle loan	-	13.39
Current maturity of finance lease obligations	-	5.14
Interest accrued but not due	14.75	26.64
Amount payable for capital goods	12.06	29.03
Unpaid dividend	20.42	24.63
Accrued expenses	267.24	425.85
Salary and wages payable	241.81	242.99
Other liabilities*	54.79	110.02
	<b>2,220.16</b>	<b>2,359.92</b>

\*Other liabilities includes directors sitting fees, interest payable and employee payable of subsidiaries, etc.

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### 20.1 Break up of financial liabilities carried at amortised cost

(Rs. in lakhs)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Borrowings (refer note 15 & 18)	4,749.27	6,984.38
Lease liabilities (refer note 36)	105.89	219.46
Other financial liabilities (refer note 20)	2,220.16	2,359.92
Trade payable (refer note 19)	1,911.57	1,199.81
<b>Total</b>	<b>8,986.89</b>	<b>10,763.57</b>

(Rs. in lakhs)

21 Other current liabilities	As at 31st March, 2021	As at 31st March, 2020
Unearned revenue (tooling charges)	-	27.71
Statutory liabilities	157.70	135.69
<b>Total</b>	<b>157.70</b>	<b>163.40</b>

(Rs. in lakhs)

22 Provisions (Current)	As at 31st March, 2021	As at 31st March, 2020
Provision for employee benefits		
- Leave benefits	130.70	122.84
- Gratuity	-	39.65
Provision for contingency (Refer note 22.1)	0.15	0.28
<b>Total</b>	<b>130.85</b>	<b>162.77</b>

### 22.1 Movement of provision for contingencies

(Rs. in lakhs)

Particulars	Margin on sales return (a)	NMMC (b)	Total (a + b)
<b>Opening balance as on 1st April, 2019</b>	<b>2.25</b>	<b>0.15</b>	<b>2.40</b>
Add: Provision made	0.13	-	0.13
Less: Utilised/paid	2.25	-	2.25
Less: Write back	-	-	-
<b>Closing balance as on 31st March, 2020</b>	<b>0.13</b>	<b>0.15</b>	<b>0.28</b>
Add: Provision made	-	-	-
Less: Utilised/paid	0.13	-	0.13
Less: Write back	-	-	-
<b>Closing balance as on 31st March, 2021</b>	<b>-</b>	<b>0.15</b>	<b>0.15</b>

**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 in the previous years and 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.

(Rs. in lakhs)

23	Revenue from operations	Year ended	Year ended
		31st March, 2021	31st March, 2020
	<b>Sale of products</b>	13,975.51	17,230.88
	<b>Sale of services</b>		
	Job work and tooling charges	71.45	106.07
	<b>( A )</b>	<b>14,046.96</b>	<b>17,336.95</b>
	<b>Other operating revenues</b>		
	- Export incentives	267.29	429.06
	- Sale of electricity - windmill	185.16	234.16
	- Insurance claim	-	35.38
	- Scrap sales	1,100.51	1,458.39
	- Provision for leave benefits written back	-	29.23
	<b>( B )</b>	<b>1,552.96</b>	<b>2,186.22</b>
	<b>Total</b>	<b>( A + B )</b>	
		<b>15,599.92</b>	<b>19,523.17</b>

**23.1 Disclosures of Ind AS 115:**

- (a) Contracts with customer and significant judgment 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 23 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 23 above, note 44.1 and note 44.4(i)
  - (ii) Refer note 44.4(iii) for details regarding customer concentration that represents 10% or more of the Group's total revenue during the year ended 31st March, 2021 and 31st March, 2020.
- (c) Performance obligation
- (i) For timing of satisfaction of its performance obligations, refer note 3.6 of significant accounting policies of the Company.

**23.2 Reconciliation of revenue recognized with the contracted price is as follows:**

(Rs. in lakhs)

Particulars	For the year ended	
	31st March, 2021	31st March, 2020
Contracted price	15,519.02	19,574.42
Less: Amount towards variable consideration components (volume discounts)	(80.89)	51.25
<b>Revenue recognised</b>	<b>15,599.92</b>	<b>19,523.17</b>

The reduction towards variable consideration comprises of volume discounts given/reversed, etc.

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**23.3** The Holding Company receives government assistance in the form of MEIS license and duty drawback, which are issued to eligible importer. Above revenue includes MEIS (upto December 2020) and duty drawback income of Rs. 267.29 lakhs (Previous year : Rs. 429.07 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. Effective 1st January, 2021, the export incentive is not recognised in regard to new Remission of Duties or Taxes on Export Products (RODTEP) Scheme as the rates have not been notified.

(Rs. in lakhs)

24 Other income	Year ended 31st March, 2021	Year ended 31st March, 2020
Interest income on		
- Fixed deposit	0.49	0.61
- Others	1.27	25.08
Amount no longer payable written back	58.91	-
Miscellaneous income*	23.49	21.51
Profit on sales/discard of assets (net)	-	0.53
Foreign exchange fluctuation gain (net)	126.03	161.45
<b>Total</b>	<b>210.19</b>	<b>209.18</b>

\* Miscellaneous income includes sundry scrap & miscellaneous recoveries.

(Rs. in lakhs)

25 Cost of raw materials consumed	Year ended 31st March, 2021	Year ended 31st March, 2020
Opening Inventory	1,013.72	1,331.23
Add: Purchases	6,280.42	8,282.59
	<b>7,294.14</b>	<b>9,613.81</b>
Less: Closing Inventory	1,013.51	1,013.72
<b>Cost of raw materials consumed</b>	<b>6,280.63</b>	<b>8,600.10</b>

(Rs. in lakhs)

26 Changes in inventories of work-in-progress, finished goods and scrap	Year ended 31st March, 2021	Year ended 31st March, 2020
<b>Opening Inventory</b>		
Finished goods	863.78	-
Finished goods in transit	-	1,020.62
Work-in-progress	1,935.30	1,706.78
Scrap	8.01	30.21
Stock of Trade Goods	7.59	-
<b>( A )</b>	<b>2,814.69</b>	<b>2,757.61</b>
<b>Closing Inventory</b>		
Finished goods	608.83	863.78
Finished goods in transit	396.13	-
Work-in-progress	1,562.72	1,935.30
Scrap	24.27	8.01
Stock of Trade Goods	19.75	7.59
<b>( B )</b>	<b>2,611.70</b>	<b>2,814.69</b>
<b>Total (Increase)/Decrease in Stock of WIP, finished goods and scrap</b>	<b>202.99</b>	<b>(57.08)</b>
<b>( A - B )</b>		



(Rs. in lakhs)

27	<b>Manufacturing expenses</b>	<b>Year ended 31st March, 2021</b>	<b>Year ended 31st March, 2020</b>
	Dies expenses	162.62	156.04
	Consumption of Stores & Spares	455.35	594.18
	Other freight inward and other expenses	79.28	91.10
	Power, fuel and water	833.67	985.57
	Insurance expenses	115.23	82.17
	Repairs and maintenance		
	- Plant and machinery	230.51	318.63
	- Windmill maintenance charges	24.54	24.68
	- Building	19.28	24.70
	Contract labour expense	271.57	441.93
	Job work expenses	932.02	1,138.91
	Rent	75.29	92.77
	Other manufacturing expenses	-	2.75
	<b>Total</b>	<b>3,199.36</b>	<b>3,953.41</b>

(Rs. in lakhs)

28	<b>Employee benefit expense</b>	<b>Year ended 31st March, 2021</b>	<b>Year ended 31st March, 2020</b>
	Salaries, wages and bonus (including managerial remuneration)	2,083.57	2,542.76
	Contribution to provident and other funds	154.15	189.04
	Gratuity and leave benefit expenses	78.01	84.89
	Workmen and staff welfare expenses	64.54	71.36
	<b>Total</b>	<b>2,380.27</b>	<b>2,888.04</b>

(Rs. in lakhs)

29	<b>Finance costs</b>	<b>Year ended 31st March, 2021</b>	<b>Year ended 31st March, 2020</b>
	Interest on bank facilities	325.21	572.02
	Other interest costs*	20.00	55.87
	Bank charges	101.88	84.32
	Foreign exchange loss (attributable to finance cost) (Refer note 29.1)	7.46	52.19
	<b>Total</b>	<b>454.56</b>	<b>764.39</b>

\*Other interest costs includes interest paid to statutory authorities & interest on leasehold properties in accordance with Ind AS 116- Leases.

**29.1** 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.

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(Rs. in lakhs)

30 Other expenses	Year ended 31st March, 2021	Year ended 31st March, 2020
Freight outward	435.29	513.76
Professional and legal fees	156.12	177.36
Relocation expenses	16.23	1.27
Travelling and conveyance	17.18	70.71
Rent	58.23	67.31
Rates and taxes	59.37	109.92
Repairs and maintenance - Others	33.92	28.64
Payment to auditors	27.98	27.53
Directors sitting fees	11.25	13.25
Commission to other directors	4.50	-
Sundry balance written off	2.00	5.39
Bad debts written off	0.18	0.31
Allowance for doubtful trade receivable	3.04	0.28
Allowance for doubtful advances	50.00	1.95
Corporate Social Responsibility	32.48	25.34
Donation	2.20	7.13
Loss on sale and discard of fixed assets	61.73	67.11
Miscellaneous expenses*	114.35	187.18
<b>Total</b>	<b>1,086.05</b>	<b>1,304.44</b>

\* Miscellaneous expenses includes office expenses, printing, stationery, postage, security, selling, communication, etc.

### 31 Exceptional item

(Rs. in lakhs)

Particulars	Year ended 31st March, 2021	Year ended 31st March, 2020
(A) Provision for impairment of Goodwill in the SDS (refer note 4.13)	270.00	270.00
<b>(A)</b>	<b>270.00</b>	<b>270.00</b>
(B) Expenses incurred during the period of lockdown due to COVID-19		
(Previous year figures of following items are reclassified under Exceptional items)		
-Power, fuel and water	6.08	18.89
-Insurance expenses	1.22	1.75
-Repairs and maintenance		
- Plant and machinery	1.54	6.03
- Building	0.38	1.41
-Rent	0.73	1.86
-Depreciation	6.81	11.58
-Employee benefit expenses (Manufacturing)	21.50	36.42
<b>(B)</b>	<b>38.25</b>	<b>77.94</b>

(C) Support under Paycheck Protection Program (PPP) (refer note 18.1)		
Financial support received in the SDS	210.67	-
Expenses incurred against financial support received in the SDS		
-Power, fuel and water	(6.06)	-
-Interest on bank facilities	(1.32)	-
-Interest on leasehold property	(1.51)	-
-Rent	(11.33)	-
-Depreciation	(34.56)	-
-Employee benefit expenses (Manufacturing)	(155.89)	-
	(C)	-
	(A+B+C)	<b>347.94</b>
		<b>308.25</b>

### 32 Components of Other Comprehensive Income (OCI)

The disaggregation of changes to OCI for each type of reserve in equity is shown below

(Rs. in lakhs)

Particulars	Attributable to owners		Total
	Year ended 31st March, 2021	Tax	
Re-measurement gains (losses) on defined benefit plans	36.90	(9.29)	27.61
Exchange differences on translation of foreign operations (net)	29.43	-	29.43
<b>Total</b>	<b>66.34</b>	<b>(9.29)</b>	<b>57.04</b>

(Rs. in lakhs)

Particulars	Attributable to owners		Total
	Year ended 31st March, 2020	Tax	
Re-measurement gains (losses) on defined benefit plans	94.53	(23.79)	70.74
Exchange differences on translation of foreign operations (net)	(82.28)	-	(82.28)
<b>Total</b>	<b>12.24</b>	<b>(23.79)</b>	<b>(11.54)</b>

### 33 Earnings per equity share

(Rs. in lakhs except share and per share data)

Particulars		Year ended 31st March, 2021	Year ended 31st March, 2020
<b>Numerator for basic and diluted EPS</b>			
Net profit after tax attributable to shareholders of parent (before OCI)	(A)	808.18	766.07
<b>Denominator for basic EPS</b>			
Weighted average number of equity shares for basic EPS	(B)	1,72,70,000	1,72,70,000
<b>Denominator for diluted EPS</b>			
Weighted average number of equity shares for diluted EPS	(C)	1,72,70,000	1,72,70,000
<b>Basic earnings per share of face value of Rs. 10/- each (in Rs.)</b>	(A/B)	<b>4.68</b>	<b>4.44</b>
<b>Diluted earnings per share of face value of Rs. 10/- each (in Rs.)</b>	(A/C)	<b>4.68</b>	<b>4.44</b>

## 34 Contingent liabilities

- (A) Contingent liabilities are determined on the basis of available information and are disclosed in the notes to consolidated financial statements. Details of contingent liabilities not provided for are given below:

(Rs. in lakhs)

Particulars	As at 31st March, 2021	As at 31st March, 2020
(a) Letters of guarantee issued by bank on behalf of the Holding Company	73.18	73.18
(b) Claim against the Holding Company not acknowledged as debts (net)	26.25	26.25

- (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) above, future cash out flows (including interest/penalty) are determinable on receipt of judgments from the statutory authorities/labour court.
- (B) The Holding Company has received demand of Rs. 144.38 lakhs (Previous year : Rs. 87.16 lakhs) under the Income Tax Act, 1961 for financial year 2013-14 ( amounting to Rs. 42.54 lakhs on account of credit of DDT not considered by the department) and for financial year 2017-18 (amounting to Rs. 101.84 lakhs as income of other sources considered twice by the department). In this regard, the Holding Company has filed rectification application seeking to give credit of taxes paid and after necessary rectifications, no demand will be payable. The Company does not expect any demand from tax department and hence, it is not disclosed under contingent liability.

## 35 Capital and other commitments

- (i) Capital commitment for tangible assets (net of advance paid) - Rs. 230.83 lakhs (Previous year : Rs. 248.82 lakhs) and for intangible assets (net of advance paid) - Nil (Previous year : Nil).
- (ii) Other commitment includes export obligations amounting Rs. 83.61 lakhs (Previous year : Nil) relating to benefits availed under Advance Import Licensing scheme. Under such scheme, the Holding Company is committed to export prescribed times of the duty saved on import of raw materials over a specified period of time. In case such commitments are not met, the Holding Company would be required to pay the duty saved along with interest to the regulatory authorities.

## 36 Leases:

### Company as lessee:

#### I) Disclosures as per Ind AS 116- Leases

- a) The Holding Company has taken factory premises and machinery under lease agreements and has obtained land on leasehold basis from local authorities. The SDS has taken land under lease agreements.
- b) The Holding Company and SDS has adopted Ind AS 116 'Leases' with the date of initial application being 1st April, 2019. For lease arrangement with lease terms of 12 months or less, the Holding Company and SDS has applied the 'short-term lease' recognition exemptions. Also refer note 3.12 for accounting policy on leases.
- c) For addition, depreciation and carrying value of right of use asset, refer note 4.2.

- d) Disclosure with respect to lease under Ind AS-116 Leases:

(Rs. in lakhs)

Particulars	Year ended 31st March, 2021	Year ended 31st March, 2020
Interest expense on lease liabilities	12.30	20.38
Lease expenses in case of short term leases and low value leases	145.58	161.94
Lease expenses debited to lease liabilities	97.16	82.21
Total cash outflow for leases [incl. short term & low value leases]	255.04	264.53

- e) Disclosure in balance sheet:

(Rs. in lakhs)

Particulars	Year ended 31st March, 2021	Year ended 31st March, 2020
Right of use assets	122.27	122.27
Right of use assets (net book value)	72.41	156.83
Financial liability - Lease liabilities - current	66.40	112.32
Financial liability - Lease liabilities - non-current	39.50	107.14

- f) On transition to Ind AS 116, the Holding Company and SDS recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate and the right-of use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at 31st March, 2019. The Holding Company and SDS's weighted average incremental borrowing rate applied to the lease liabilities was 8.33% and 6% respectively.

## 37 Related party disclosure

### 37.1 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 (Formerly known as Rabale Engineering India 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 (Upto 15th November, 2019)
	Mrs. Neeru Pradeep Goyal, Non-Executive Director (Wife of Chairman & Managing Director)
	Mr. Suresh G. Vaidya, Independent Director
	Mr. Jayavardhan Dhar Diwan, Independent Director
	Mrs. Nandita Vohra, Independent Director
	Mr. Abhinav Goyal, Non- Executive Director (w.e.f. 25th September, 2020) (Son of Chairman & Managing Director)
	Mr. Kartick Maheshwari, Independent Director

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Relatives of key management personnel	Mrs. Neha Goyal (Daughter in law of Chairman & Managing Director)
Wholly Owned Subsidiary	Pradeep Metals Limited Inc., USA, Houston
Step Down Subsidiary of Wholly Owned Subsidiary	Dimensional Machine Works LLC, USA, Houston
Enterprises owned or significantly influenced by key management personnel or their relatives with whom transactions taken place during the year	Dhanlabh Engineering Works Private Limited

Note: Designated Key Managerial Personnel as required by Section 203 of the Companies Act, 2013 are not considered to be Key Management Personnel (Related party) for the purpose of disclosure under Ind AS 24.

### 37.2 Related party transactions

Name of the related party	Nature of the transaction	(Rs. in lakhs)	
		Year ended 31st March, 2021	Year ended 31st March, 2020
Dhanlabh Engineering Works Private Limited	Labour charges paid	43.31	67.93
	Rent expenses (amortisation of right of use)	42.48	42.48
	Electricity charges (Reimbursement)	12.98	16.84
Nami Capital Private Limited (Formerly known as Rabale Engineering India Private Limited)	Dividend paid (including interim dividend)	-	199.45
Mrs. Neeru Goyal	Sitting fees paid	1.00	1.25
	Dividend paid (including interim dividend)	-	18.40
Dr. Kewal K. Nohria	Sitting fees paid	2.50	2.25
	Dividend paid (including interim dividend)	-	13.56
Mr. Omprakash Agarwal	Commission	1.00	1.00
	Sitting fees paid	-	0.25
Mr. Suresh G. Vaidya	Commission	-	0.25
	Sitting fees paid	2.50	3.00
Mr. Jayavardhan Dhar Diwan	Commission	1.25	1.25
	Sitting fees paid	2.25	2.75
Mr. Kartick Maheshwari	Commission	1.25	1.25
	Sitting fees paid	1.25	2.25
Mrs. Nandita Vohra	Commission	1.00	1.00
	Sitting fees paid	1.25	1.50
	Commission	1.25	1.25

(Rs. in lakhs)

Name of the related party	Nature of the transaction	Year ended 31st March, 2021	Year ended 31st March, 2020
Mr. Pradeep Goyal*	Remuneration (including other allowances)	109.62	116.86
	Incentive	25.00	25.00
	Dividend paid (including interim dividend)	-	31.53
Mr. Abhinav Goyal	Remuneration (including other allowances)	72.96	85.19
	Sitting fees paid	0.50	-
Mrs. Neha Goyal	Remuneration (including other allowances)	63.84	70.99

**Note:** Sitting fees, commission, remuneration and incentive pay forms part of short term employee benefits.

\* Does not include leave encashment since the same is considered for all employees (including the Chairman & Managing Director) of the Holding Company as a whole.

### 37.3 Balance outstanding as at the year end

(Rs. in lakhs)

Name of the related party	Nature of outstanding	Year ended 31st March, 2021	Year ended 31st March, 2020
Dhanlabh Engineering Works Private Limited	Trade payable	12.17	11.90
Dr. Kewal K. Nohria	Commission payable	1.00	1.00
Mr. Omprakash Agarwal	Commission payable	-	0.25
Mr. Suresh G. Vaidya	Commission payable	1.00	1.25
Mr. Jayavardhan Dhar Diwan	Commission payable	1.00	1.25
Mr. Kartick Maheshwari	Commission payable	0.50	1.00
Mrs. Nandita Vohra	Commission payable	1.00	1.25
Mr. Pradeep Goyal	Remuneration payable	3.90	3.23
	Incentive payable	0.32	25.00
Mr. Abhinav Goyal	Remuneration payable	10.58	3.91
Mrs. Neha Goyal	Remuneration payable	8.44	3.49

**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 from UBI and by WOS of the Company, No guarantee charges are payable by the Group. (Refer note 15.1 & 18.1)

### 37.4 All transactions were made on normal commercial terms and conditions and at market rates.

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### 38 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, 2021, other than those with carrying amounts that are reasonable approximates of fair values:

(Rs. in lakhs)

Particulars	Carrying value		Fair Value	
	As at 31st March, 2021	As at 31st March, 2020	As at 31st March, 2021	As at 31st March, 2020
(i) Investments	0.05	0.05	0.05	0.05
(ii) Loans	6.71	7.49	6.71	7.49
(iii) Other non-current financial assets	48.48	68.31	48.48	68.31
(iv) Trade receivables	4,175.93	4,112.49	4,175.93	4,112.49
(v) Cash and cash equivalents	228.03	189.59	228.03	189.59
(vi) Other bank balances	28.28	33.28	28.28	33.28
(vii) Other current financial assets	296.08	207.20	296.08	207.20
<b>Total financial assets</b>	<b>4,783.56</b>	<b>4,618.41</b>	<b>4,783.56</b>	<b>4,618.41</b>
(i) Borrowings (Non-current)	2,382.17	2,032.22	2,382.17	2,032.22
(ii) Lease liabilities (Non-current)	39.50	107.14	39.50	107.14
(iii) Trade payable	1,911.58	1,199.81	1,911.58	1,199.81
(iv) Lease liabilities (Current)	66.40	112.32	66.40	112.32
(v) Other current financial liabilities	2,220.16	2,359.92	2,220.16	2,359.92
(vi) Borrowings (Current)	2,367.10	4,952.16	2,367.10	4,952.16
<b>Total financial liabilities</b>	<b>8,986.91</b>	<b>10,763.57</b>	<b>8,986.91</b>	<b>10,763.57</b>

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.

#### (ii) Fair value hierarchy

The financial instruments are categorized into three levels based on the inputs used to arrive at fair value measurements as described below:

**Level 1:** Quoted prices (unadjusted) in active markets for identical assets or liabilities;

**Level 2:** Valuation techniques for which lowest level input that is significant to the fair value measurement is directly or indirectly observable;

**Level 3:** Valuation techniques for which lowest level input that is significant to the fair value measurement is directly or indirectly unobservable;

The following tables categorise the financial assets and liabilities held at fair value by the valuation methodology applied in determining their fair value.



**Fair value hierarchy as at 31st March, 2021**

(Rs. in lakhs)

Particulars	Level 1	Level 2	Level 3	Total
Financial Assets				
Investment in equity instruments	-	0.05	-	0.05
Derivative Instruments	-	45.10	-	45.10

**Fair value hierarchy as at 31st March, 2020**

(Rs. in lakhs)

Particulars	Level 1	Level 2	Level 3	Total
Financial Assets				
Investment in equity instruments	-	0.05	-	0.05

**Determination of fair values:** The following are the basis of assumptions used to estimate the fair value of financial assets and liabilities that are measured at fair value.

**Equity investments:** In the earlier years, the Holding Company had made investments in equity shares of unlisted companies aggregating to Rs. 0.05 lakhs. The Holding Company has elected to categorize these investment as fair value through profit and loss. Further, based on the overall evaluation carried out by the Holding Company of the investee company and considering no significant variation in their financial performance, cost of these investment is considered as an appropriate estimate of fair value at year end. There are no gains/losses from such investments.

**Derivative instruments:** For forward contracts, future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contract forward exchange rates, discounted at a rate that reflects the credit risk of respective counterparties.

**39 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.

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) 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.

The mortality rate is based on publicly available mortality tables for India. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates for India.

**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. Judgments 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. The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The group uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on group'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 judgments 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 on periodical basis. The impairment assessment is based on value in use. During the year ended 31st March, 2021, based on management's assessment, the testing resulted in impairment of the carrying amount of goodwill and accordingly accounting for the same is considered in the financial statements. 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.

**h) Impact on account of COVID-19**

The group has considered the possible effects that may result from the pandemic relating to COVID-19 in the preparation of the standalone financial statements. The Holding Company including its subsidiaries have also adopted measures to curb the spread of infection in order to protect the health of its employees and ensure business continuity with minimal disruption. The management has considered internal and external information while finalizing various estimates and recoverability of assets in relation to its financial statements upto the date of approval of the standalone and consolidated financial results by the Board of Directors. In the opinion of the management, due to the pandemic, the demand for Group's products from certain sectors is expected to be sluggish. The management is evaluating various alternate sectors to which it can cater to recoup the reduction in sales. The impact of COVID-19 is still in an evolving stage and hence the management will continue to closely monitor any material changes to future economic conditions and its impact on the Holding Company and subsidiaries.

**40 Derivatives not designated as hedging instruments**

The group evaluates the option of foreign exchange forward contracts to manage foreign exchange fluctuation risk. 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. Refer note 41 and 45 for detailed disclosure of unhedged/hedged items.

**41 Foreign currency exchange rate 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 cover its foreign currency risk by budgeting exports sales & repeat orders from its overseas customers and group books forward contract against exports receivable. The group also avails bill discounting facilities in respect of export receivables.

Since a major part of the group's revenue is in foreign currency and major part of the costs are in Indian Rupees, any movement in currency rates would have impact on the group's performance. Consequently, the overall objective of the foreign currency risk management is to minimize the short term currency impact on its revenue and cash-flow in order to improve the predictability of the financial performance. The major foreign currency exposures for the group are denominated in USD. Additionally, there are

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transactions which are entered into in other currencies and are not significant in relation to the total volume of the foreign currency exposures. The group hedges all trade receivables upto a maximum of 12 months forward based on historical trends. Hedge effectiveness is assessed on a regular basis. The following table sets forth information relating to foreign currency exposure from USD, EUR and GBP (which are not material) forming part of non-derivative financial instruments:

(Rs. in lakhs)

As at 31st March, 2021	USD	EUR	GBP	Total
<b>Assets</b>				
Trade Receivables & other assets	-	10.72	0.29	11.01
Vendor Advances	0.09	-	-	0.09
<b>Total</b>	<b>0.09</b>	<b>10.72</b>	<b>0.29</b>	<b>11.10</b>
<b>Liabilities</b>				
Borrowings	10.13	-	-	10.13
<b>Total</b>	<b>10.13</b>	-	-	<b>10.13</b>
<b>Net Assets/(Liabilities)</b>	<b>(10.04)</b>	<b>10.72</b>	<b>0.29</b>	<b>(0.97)</b>

(Rs. in lakhs)

As at 31st March, 2020	USD	EUR	GBP	Total
<b>Assets</b>				
Trade Receivables & other assets	10.98	7.50	0.34	18.82
<b>Total</b>	<b>10.98</b>	<b>7.50</b>	<b>0.34</b>	<b>18.82</b>
<b>Liabilities</b>				
Borrowings	50.99	-	-	50.99
<b>Total</b>	<b>50.99</b>	-	-	<b>50.99</b>
<b>Net Assets/(Liabilities)</b>	<b>(40.01)</b>	<b>7.50</b>	<b>0.34</b>	<b>(32.17)</b>

### Sensitivity analysis

(Rs. in lakhs)

Particulars	Foreign Currency Sensitivity					
	As at 31st March, 2021			As at 31st March, 2020		
	USD	EUR	GBP	USD	EUR	GBP
1 % Appreciation in INR Impact on Profit & Loss	0.10	(0.11)	(0.00)	0.40	(0.07)	(0.00)
1 % Depreciation in INR Impact on Profit & Loss	(0.10)	0.11	0.00	(0.40)	0.07	0.00

## 42 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. During the year as Holding Company started availing subvention benefits as MSME as it got registered under MSMED Act.

### Interest rate sensitivity

The Group's total interest cost the year ended 31st March, 2021 was Rs. 325.21 lakhs and for year ended 31st March, 2020 was Rs. 572.02 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, 2021	+50	(27.43)
	-50	27.43
31st March, 2020	+50	(44.05)
	-50	44.05

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment, showing a significantly lower 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 Holding 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 implying 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, 2021 and 31st March, 2020. 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 9. The Group does not hold collateral as security except in case of few customers. Majority of the export receivable are covered under the insurance cover. 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:

(Rs. in lakhs)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Opening balance	0.73	0.45
Less: Allowance for doubtful receivables reversed during the year	3.03	0.28
<b>Closing balance</b>	<b>3.76</b>	<b>0.73</b>

### 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 Group's financial liabilities:

(Rs. in lakhs)

Particulars	As at 31st March, 2021	As at 31st March, 2020
<b>Less than 1 year</b>		
Borrowings (Current)	2,367.10	4,952.16
Trade and other payables	1,911.57	1,199.80
Lease liabilities (Current)	66.40	112.32
Other financial liabilities	611.08	864.29
Current maturity of long term borrowings	1,609.08	1,495.63
	<b>6,565.23</b>	<b>8,624.20</b>
<b>1 to 5 years</b>		
Borrowings (Non-current)	2,382.17	2,032.22
Lease liabilities (Non-current)	39.50	107.14
	<b>2,421.67</b>	<b>2,139.36</b>
<b>Total</b>	<b>8,986.90</b>	<b>10,763.56</b>

#### 43 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 to ensure that it will be able to continue as a going concern so, that they can continue to provide returns for shareholders and benefits for other stakeholders and maintain an optimal capital structure to reduce cost of capital. 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.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. The ratio is calculated as net debt divided by equity. Net debt is calculated as total borrowing (including current and non-current terms loans as shown in the balance sheet).

The Group monitors capital using 'Total Debt' to 'Equity'. The Group's Total Debt to Equity are as follows:

(Rs. in lakhs)

Particulars	As at	As at
	31st March, 2021	31st March, 2020
Total debt*	6,358.36	8,480.01
Total capital (total equity other than OCI)	5,796.56	4,988.35
<b>Net debt to equity ratio</b>	<b>1.10</b>	<b>1.70</b>

\* Total debt = Non-current borrowings + current borrowings + current maturities of non-current borrowings

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, 2021 and 31st March, 2020.

#### 44 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).

(Rs. in lakhs)

Particulars	Closed die forging and processing	Power generation	Total
<b>44.1 Segment Revenue-Gross</b>			
External revenue	15,414.76	185.16	15,599.92
Previous year	19,289.01	234.16	19,523.17

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(Rs. in lakhs)

Particulars	Closed die forging and processing	Power generation	Total
<b>44.2 Segment Results</b>			
Segment total	1,740.19	102.13	1,842.33
Previous year	2,042.45	151.70	2,194.15
<b>Unallocated corporate expenses net of unallocated income</b>			454.59
Previous year			764.28
<b>Finance costs</b>			263.27
Previous year			253.51
<b>Profit before tax</b>			<b>1,124.47</b>
Previous year			1,176.36
<b>Tax expense</b>			<b>316.31</b>
Previous year			410.29
<b>Profit for the year</b>			<b>808.16</b>
Previous year			766.07

<b>44.3 Other information</b>			
<b>Segment assets</b>	13,972.08	1,242.12	15,214.20
Previous year	15,052.24	1,113.13	16,165.37
<b>Unallocated Corporate assets</b>			248.53
Previous year			309.04
<b>Segment liabilities</b>	5,717.27	5.50	5,722.77
Previous year	4,472.26	-	4,472.26
<b>Unallocated Corporate liabilities</b>			3,966.15
Previous year			7,093.78
<b>Depreciation/amortization</b>	717.30	56.21	773.51
Previous year	710.07	56.26	766.33
<b>Impairment</b>	270.00	-	270.00
Previous year	270.00	-	270.00
<b>Capital expenditure</b>	195.45	-	195.45
Previous year	840.90	-	840.90

#### 44.4 Secondary segment: Geographical information

##### i) Sales, service income and other operating revenue by geographical market:

(Rs. in lakhs)

Locations	Year ended 31st March, 2021	Year ended 31st March, 2020
Within India	6,334.68	7,704.24
Outside India	9,265.24	11,818.93
<b>Total</b>	<b>15,599.92</b>	<b>19,523.17</b>



**ii) Trade receivable at year end** (Rs. in lakhs)

Locations	Year ended 31st March, 2021	Year ended 31st March, 2020
India	1,047.86	1,065.36
Outside India	3,128.07	3,047.13
<b>Total</b>	<b>4,175.93</b>	<b>4,112.49</b>

Note: Above figures are net of provision Rs. 3.76 lakhs (Previous year : Rs. 0.73 lakhs)

**iii) Reliance on major customers:**

Four customers represents more than 10% of the total revenue which amounts to Rs. 3,870.34 lakhs. In case of previous year only three customer represented more than 10% of total revenue whose revenue amounted to Rs. 9,610.84 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:
  - i) Closed Die Forging and Processing
  - ii) Power Generation
- c) The geographical information considered for disclosure are: Sales within India and Sales outside India

**45 Hedge Accounting**

The Holding Company has managed the foreign exchange risk with appropriate hedging activities in accordance with policies of the Holding Company. The Holding Company's manages currency risk as per trends and experiences. The Holding Company uses forward exchange contracts to hedge against its foreign currency exposures relating to export receivables. The Holding Company does not enter into any derivative instruments for trading or speculative purposes.

**Fair Value Hedge**

Hedging Instrument and Hedge Item: (Rs. in lakhs)

Type of Hedge and Risks	Nominal Value	Carrying amount as at 31st March, 2021	Changes in amount of fair value	Hedge Maturity Date	Line Item in Balance Sheet
<b>Foreign currency risk</b> Trade Receivables hedged by Forward Contracts	5,420.00	5,617.39	197.39	Feb-22	Other Receivable

**i) The following are the outstanding forward contracts:**

Currency	Buy/Sell	In Foreign Currency (USD in lakhs)	(Rs. In lakhs)
		As at 31st March, 2021	As at 31st March, 2021
USD	Sell	74.13	5,617.39

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ii) Foreign Currency exposure not hedged by forward contracts are given below :

Particulars	In Foreign Currency (in lakhs)	(Rs. In lakhs)	In Foreign Currency (in lakhs)	(Rs. In lakhs)
	As at 31st March, 2021		As at 31st March, 2020	
<b>A) Trade Receivables and Vendor advances</b>	0.09	6.79	10.98	830.50
USD (Trade advances)	10.72	918.85	7.50	620.73
EUR (Trade receivables)	0.29	29.69	0.34	31.83
GBP (Trade receivables)				
<b>B) Borrowings</b>				
USD	10.13	1,884.23	50.99	3,858.14

#### 46 Expenditure on Research & Development (Charged to statement of P & L)

(Rs. in lakhs)

Particulars	As at	As at
	31st March, 2021	31st March, 2020
Professional Fees	14.16	2.08
Tours & Travels	-	0.14
Rent, Rate and Taxes	-	1.20
Repairs & Maintenance	1.46	-
Materials stores & spares	1.32	3.28
Other Expenses	0.09	0.70
<b>Total</b>	<b>17.03</b>	<b>7.40</b>

#### 47 CSR expenditure

(Rs. in lakhs)

Particulars	As at	As at
	31st March, 2021	31st March, 2020
(a) Gross amount required to be spent by the company during the year	32.48	24.52
(b) Amount spent during the year	26.14	25.10
i) On specified purposes	26.14	25.10
(c) Balance unspent (Provision is made in the books for the unspent amount)	6.34	-

(Refer note 50.3 for cash flow on account of CSR expenditure)

**48 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 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 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 price inflation and salary growth are linked economically, they are 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. During the previous year, the Holding Company had reduced the salary escalation rate considering the change in the increment policy capping the growth in the basic salary.

**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.

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:

(Rs. in lakhs)

Particulars	As at	As at
	31st March, 2021	31st March, 2020
Mortality table	IALM (2012-14)	IALM (2012-14)
	Ult	Ult
Discount rate	6.71%	6.66%
Expected rate of return on plan assets	5.00%	5.00%
Rate of increase in compensation levels	5.00%	5.00%
Expected average remaining working lives (in years) (As per old policy)	12.93	14.22
Expected average remaining working lives (in years) (as per New Policy covering employees joined in current year)	19.49	NA
Employee attrition rate	2.00%	2.00%

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Changes in the present value of the defined benefit obligation recognised in balance sheet are as follows:

(Rs. in lakhs)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Present value of obligation as at the beginning of the year	510.89	537.15
Interest expense	33.58	40.14
Current service cost	48.15	49.71
Benefits (paid)	(35.81)	(17.65)
Remeasurements on obligation [Actuarial (Gain)/Loss]	(32.51)	(98.45)
<b>Closing defined benefit obligation</b>	<b>524.30</b>	<b>510.89</b>

Changes in the fair value of plan assets recognised in balance sheet are as follows:

(Rs. in lakhs)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Opening fair value of plan assets	471.24	426.02
Interest income	32.21	34.09
Contributions	78.08	32.71
Benefits paid	(35.81)	(17.65)
Return on plan assets, excluding amount recognised in interest income-Gain/(Loss)	4.39	(3.93)
<b>Closing fair value of plan assets</b>	<b>550.11</b>	<b>471.24</b>

Net Interest (Income/Expense)

(Rs. in lakhs)

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Interest (Income)/Expense - Obligation	33.58	40.14
Interest (Income)/Expense - Plan assets	(32.21)	(34.09)
<b>Net Interest (Income)/Expense for the year</b>	<b>1.37</b>	<b>6.04</b>

Remeasurement for the year [Actuarial(Gain)/Loss]

(Rs. in lakhs)

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Experience (Gain)/Loss on plan liabilities	(30.45)	0.83
Financial (Gain)/Loss on plan liabilities	(2.06)	(97.54)

**Amount recognised in statement of other comprehensive income (OCI)**

(Rs. in lakhs)

<b>Particulars</b>	<b>For the year ended 31st March, 2021</b>	<b>For the year ended 31st March, 2020</b>
Remeasurement for the year - obligation (Gain)/Loss	(32.51)	(98.45)
Remeasurement for the year - plan assets (Gain)/Loss	(4.39)	3.93
<b>Total Remeasurement cost/(credit) for the year recognised in OCI</b>	<b>(36.90)</b>	<b>(94.52)</b>

**The amounts to be recognised in the Balance Sheet**

(Rs. in lakhs)

<b>Particulars</b>	<b>As at 31st March, 2021</b>	<b>As at 31st March, 2020</b>
Present value of obligation as at the end of the year	524.30	510.89
Fair value of plan assets as at the end of the year	550.11	471.24
<b>Net asset/(liability) to be recognised in balance sheet</b>	<b>25.81</b>	<b>(39.65)</b>

**Expense recognised in the Statement of Profit and Loss**

(Rs. in lakhs)

<b>Particulars</b>	<b>For the year ended 31st March, 2021</b>	<b>For the year ended 31st March, 2020</b>
Current service cost	48.15	49.71
<b>Sub Total</b>	<b>48.15</b>	<b>49.71</b>
Net Interest (Income)/Expense	1.37	6.04
<b>Net periodic benefit cost recognised in the statement of profit and loss</b>	<b>49.52</b>	<b>55.75</b>

**Reconciliation of net assets/(liability) recognised:**

(Rs. in lakhs)

<b>Particulars</b>	<b>As at 31st March, 2021</b>	<b>As at 31st March, 2020</b>
Net asset/(liability) recognised at the beginning of the year	(39.64)	(111.13)
Company Contributions	78.08	32.71
Expense recognised at the end of year	(49.52)	(55.75)
Amount recognised outside profit & loss for the year (OCI)	36.90	94.52
<b>Net asset/(liability) recognised at the end of the year</b>	<b>25.82</b>	<b>(39.65)</b>

**The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:**

<b>Particulars</b>	<b>As at 31st March, 2021</b>	<b>As at 31st March, 2020</b>
Funds managed by insurer	100%	100%

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### Sensitivity analysis:

- A) Impact of change in discount rate when base assumption is decreased/increased present value of obligation

(Rs. in lakhs)

Discount rate	As at 31st March, 2021	As at 31st March, 2020
Decrease by 1%	568.90	556.18
Increase by 1%	485.12	471.21

- B) Impact of change in salary increase rate when base assumption is decreased/increased present value of obligation

(Rs. in lakhs)

Salary increment rate	As at 31st March, 2021	As at 31st March, 2020
Decrease by 1%	484.72	470.81
Increase by 1%	568.60	555.87

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:

(Rs. in lakhs)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Within one year	15.36	18.41
After one year but not more than five years	167.50	146.70
After Five years but not more than ten years	308.97	266.59

### (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. 155.71 lakhs (Previous year : Rs. 149.81 lakhs).

**(c) Bifurcation of liability as per Schedule III of the Companies Act 2013:**

(Rs. in lakhs)

Particulars	Gratuity		Leave benefits	
	As at 31st March, 2021	As at 31st March, 2020	As at 31st March, 2021	As at 31st March, 2020
Current Assets	25.80	-	-	-
Current liability	-	39.65	130.70	122.84
Non-current liability	-	-	25.01	26.97
<b>Net liability</b>	<b>25.80</b>	<b>39.65</b>	<b>155.71</b>	<b>149.81</b>

**49 Defined contribution plan**

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, ESIC and LWF is contributed to the government administered fund. The Holding Company has no obligation, other than the contribution payable to the provident fund, ESIC and LWF.

(Rs. in lakhs)

Particulars	2020-2021	2019-2020
Provident fund	32.48	34.79
Pension fund	57.62	61.96
Employees' state insurance (ESIC)	9.43	15.42
Labour welfare fund	0.35	0.41
<b>Total</b>	<b>99.88</b>	<b>112.58</b>

**50 Cash flow statement related**

**50.1** Aggregate outflow on account of direct taxes paid (net of refund) is Rs. 374.97 lakhs (Previous year : Rs. 452.17 lakhs).

**50.2** Conversion of rupee term loan in foreign currency loan (USD) aggregating to Rs. 1,140.00 lakhs (Previous year : Rs. 177.00 lakhs) is not considered as cash transaction.

**50.3** Net cash inflow from operating activity netted off with expenditure on Corporate Social Responsibility (CSR) expenditure of Rs. 26.14 lakhs (Previous year : Rs. 25.10 lakhs). (Refer note 47)

**50.4 Disclosure as required by Ind AS 7**

Reconciliation of liabilities arising from financing activities

(Rs. in lakhs)

Particulars	As at 31st March, 2020	Cash Flows	Non Cash Changes	As at 31st March, 2021
Short Term Borrowings	4,952.16	(2,528.79)	(56.27)	2,367.10
Lease liabilities	219.46	(109.46)	(4.12)	105.89
Long Term Borrowings	3,532.99	500.94	(42.68)	3,991.25
<b>Total Liabilities from financing activities</b>	<b>8,485.15</b>	<b>(2,027.83)</b>	<b>(98.95)</b>	<b>6,358.35</b>

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(Rs. in lakhs)

Particulars	As at 1st April, 2019	Cash Flows	Non Cash Changes	As at 31st March, 2020
Short Term Borrowings	5,524.01	(723.37)	151.52	4,952.16
Lease liabilities	328.91	(102.59)	(6.86)	219.46
Long Term Borrowings	4,131.60	(845.19)	246.58	3,532.99
<b>Total Liabilities from financing activities</b>	<b>9,655.61</b>	<b>(1,568.56)</b>	<b>398.10</b>	<b>8,485.15</b>

### 51 Additional information pursuant to Schedule III of Companies Act, 2013 As at 31st March, 2021

(Rs. 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	As % of consolidated profit or loss	Amount	As % of consolidated other comprehensive income	Amount	As % of consolidated total comprehensive income	Amount
<b>Parent</b>								
Pradeep Metals Limited	138%	7,986.40	76%	618.25	48%	27.61	75%	645.85
<b>Subsidiaries</b>								
<b>Foreign</b>								
Pradeep Metals Limited Inc, USA	18%	1,024.56	-14%	(112.30)	0%	-	-13%	(112.30)
Dimensional Machine Works LLC*	1%	77.67	-25%	(204.98)	0%	-	-24%	(204.98)
Consolidation adjustments	-57%	(3,314.81)	63%	507.21	52%	29.43	62%	536.64
<b>Total</b>	<b>100%</b>	<b>5,773.82</b>	<b>100%</b>	<b>808.18</b>	<b>100%</b>	<b>57.04</b>	<b>100%</b>	<b>865.21</b>

\*SDS of the Holding Company.



As at 31st March, 2020

(Rs. 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	As % of consolidated profit or loss	Amount	As % of consolidated other comprehensive income	Amount	As % of consolidated total comprehensive income	Amount
<b>Parent</b>								
Pradeep Metals Limited	150%	7,340.50	168%	1,288.15	-613%	70.74	180%	1,358.89
<b>Subsidiaries</b>								
<b>Foreign</b>								
Pradeep Metals Limited Inc, USA	14%	705.91	-47%	(361.21)	0%	-	-48%	(361.21)
Dimensional Machine Works LLC*	6%	289.69	-98%	(749.14)	0%	-	-99%	(749.14)
Consolidation adjustments	-70%	(3,427.56)	77%	588.27	713%	(82.28)	67%	505.99
<b>Total</b>	<b>100%</b>	<b>4,908.54</b>	<b>100%</b>	<b>766.07</b>	<b>100%</b>	<b>(11.54)</b>	<b>100%</b>	<b>754.53</b>

\*SDS of the Holding Company.

- 52 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 2020-21 on board meeting held on 27<sup>th</sup> May, 2021, subject to approval of shareholders in ensuing Annual General Meeting.
- 53 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.
- 54 Previous Year Figures have been regrouped/rearranged wherever necessary.

Notes referred to herein above form an integral part of consolidated 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: 27<sup>th</sup> May, 2021

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

**Pradeep Goyal**  
Chairman and Managing Director  
DIN: 00008370

**Nivedita Nayak**  
Company Secretary  
Membership No. F8479

**Neeru Goyal**  
Director  
DIN: 05017190

**Kavita Choubisa Ojha**  
Chief Financial Officer





# certifications & approvals

ISO 9001:2015

ISO 14001:2015

ISO 45001:2018

Pressure Equipment Directive (PED/2014/68/EU)

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  
Austenizing furnaces

### POST FORGING

Shot blasting  
Coining  
Stamping  
Rust-prevention  
Packing  
Ultrasonic cleaning

## **CONTACT INFORMATION**

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