



Pradeep Metals Limited
Manufacturers of Precision Closed Die Forgings

3rd September, 2020

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 2019-20 and Notice convening the 37th Annual General Meeting (Scrip Code: 513532):

As required under Regulation 30 and Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we submit herewith the Annual Report of the Company for the Financial Year 2019-20 along with the Notice convening the 37th Annual General Meeting scheduled to be held on 25th September, 2020 at 3.00 p.m. (IST) through Video Conferencing/Other Audio Visual Means in accordance with the General Circular No. 14/2020 dated 8th April, 2020, General Circular No. 17/2020 dated 13th April, 2020 and General Circular No. 20/2020 dated 5th May, 2020 issued by Ministry of Corporate Affairs and Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated 12th May, 2020 issued by SEBI.

Please take the above information on record.

Thanking you,
For **Pradeep Metals Limited**

Nivedita Nayak
Company Secretary & Compliance
Officer
FCS: 8479



Place: Navi Mumbai

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



Pradeep Metals Limited

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2019 - 2020

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

factory



our product range



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COMPANY INFORMATION

BOARD OF DIRECTORS

Mr. Pradeep Goyal	Chairman and Managing Director
Dr. Kewal Krishan Nohria	Non-Executive Director
Mr. Omprakash Agarwal	Non-Executive Director (upto 15 th November, 2019)
Mrs. Neeru P. 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, investors@pradeepmetals.com
Website: www.pradeepmetals.com
CIN: L99999MH1982PLC026191

Registrar and Transfer Agent

Link Intime India Pvt. Ltd.
C-101, 247 Park, L.B.S. Marg, Vikhroli (W), Mumbai 400 083.
Tel: +91-22-49186270; Fax: +91-22-49186060
Email: rnt.helpdesk@linkintime.co.in

PERFORMANCE AT A GLANCE (STANDALONE)

(Rupees in lakhs)

PARTICULARS	2019-20	2018-19	2017-18	2016-17	2015-16
Sales and Other Income (Net of Excise Duty/GST)	17,829	17,611	14,551	12,757	12,084
Profit before Interest, Depreciation, Exceptional Items and Taxes	3,093	2,815	2,210	1,762	1,580
Less: Finance Cost	615	693	621	550	676
Less: Depreciation	509	444	416	432	370
Less: Exceptional items	270	-	-	-	-
Less: Prior period items -	-	-	-	-	20
(income)/expenses (net)					
Profit before Tax	1,699	1,678	1,173	779	514
Less: Taxation	410	484	353	265	138
(including MAT and Deferred Tax)					
Profit for the year before Dividend	1,289	1,194	819	515	376

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

a. Basic	7.46	6.91	4.74	2.98	2.17
b. Diluted	7.46	6.91	4.74	2.98	2.17
c. Net Worth (Rs. In lakh)	7,341	6,398	5,232	4,419	3,929

NOTICE

NOTICE IS HEREBY GIVEN THAT THE THIRTY SEVENTH ANNUAL GENERAL MEETING OF PRADEEP METALS LIMITED WILL BE HELD ON FRIDAY, 25th DAY OF SEPTEMBER, 2020 AT 3.00 P.M. THROUGH VIDEO CONFERENCING/OTHER AUDIO VISUAL 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 31st March, 2020, together with the Reports of the Board of Directors and Auditors thereon; and
 - b. the Audited Consolidated Financial Statements of the Company for the financial year ended 31st March, 2020, together with the Reports of the Auditors thereon.
2. To confirm the payment of Interim Dividend on Equity Shares for the financial year ended 31st March, 2020.
3. To consider re-appointment of the Statutory Auditors, M/s. N.A. Shah Associates LLP, Chartered Accountants (Firm Registration Number: 116560W/W100149) for a second term as the Statutory Auditors of Company and to fix their remuneration and to pass, with or without modification(s) the following resolution as an **Ordinary Resolution**:

“**RESOLVED THAT** pursuant to the provisions of Section 139 and all other applicable provisions of the Companies Act, 2013 read with rule 3(7) of the Companies (Audit & Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), the Company hereby re-appoints M/s. N.A. Shah Associates LLP, Chartered Accountants (Firm Registration Number: 116560W/W100149), as the Statutory Auditors of the Company for a second term of five (5) consecutive years, to hold the office from the conclusion of this Annual General Meeting until the conclusion of forty second Annual General Meeting of the Company on such remuneration as may be decided by the Board of Directors in consultation with the Statutory Auditors of the Company.”

SPECIAL BUSINESS:

4. **To re-appoint a Director in place of Dr. Kewal Krishan Nohria (DIN: 00060015) as Non-Executive Non-Independent Director of the Company, who retires by rotation and who has attained the age of seventy-five years, being eligible, offers himself for re-appointment.**

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 152 and other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018 and on recommendation of the Nomination and Remuneration Committee of the Company, Dr. Kewal Krishan Nohria (DIN: 00060015), Non-Executive Non-Independent Director of the Company, who retires by rotation in terms of Section 152 of the Companies Act, 2013 and who has attained the age of seventy-five years, being eligible and upon his consent, to continue as Director, be and is hereby re-appointed as Non-Executive Non-Independent Director of the Company, liable to retire by rotation.

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 31st March, 2021.

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

“RESOLVED THAT pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013, read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), M/s. MKJ & Associates, Cost & Management Accountants, Mumbai (Firm Registration No. 001352), appointed by the Board of Directors of the Company on the recommendation of the Audit Committee, to conduct the audit of the Cost Records of the Company for the financial year ending 31st March, 2021, 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. To re-appoint Mr. Pradeep Goyal as a Chairman and Managing Director of the Company (DIN: 00008370) for a period of 3 (Three) years.

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 Sections 196, 197, 203 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 (hereinafter referred to as “the Act”, including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and subject to the approval(s) from appropriate authorities required, if any, consent of the Members of the Company be and is hereby accorded for re-appointment of Mr. Pradeep Goyal (DIN:00008370) as the Chairman and Managing Director of the Company, for a period of 3 (Three) years commencing from 17th December, 2020 to 16th December, 2023, on the following terms and conditions:

(i)	Basic Salary	From 17.12.2020 to 16.12.2021	Rs. 108 lakhs
		From 17.12.2021 to 16.12.2022	Rs. 120 lakhs
		From 17.12.2022 to 16.12.2023	Rs. 132 lakhs
(ii)	Incentive Pay	Subject to maximum of Rs. 25 lakhs per annum, to be decided by the Board of Directors/Nomination and Remuneration Committee, depending on the performance of the Company.	
(iii)	Perquisites (Including Allowances)		
	Leave Travel Allowance	The yearly payment in the form of allowance shall be equivalent to one month's basic salary.	
	Magazines/Books Allowance	Rs. 50,000/- per annum	
	Gas/Electricity/Maintenance Allowance	Rs. 96,000/- per annum	
	Medical Reimbursement	Expenditure incurred by the Chairman and Managing Director and his family	
	Club Fees	Actual fees for maximum of two clubs. Admission fee and life Membership fees will not be paid by the Company.	
	Leave	As per Company Rules	
	Encashment of leave	As per Company Rules	
	Car with Driver	For use on the Company's business	
	Telephone	At residence and cellular phones. Personal long distance calls to be charged and recovered by the Company.	

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

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

RESOLVED FURTHER THAT during the term of office of Mr. Pradeep Goyal as Chairman and Managing Director of the Company, he shall not be subject to retirement by rotation.

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

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

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

7. **To appoint Mr. Abhinav Goyal as Non-Executive Director (Non-Independent) of the Company (DIN: 0008786430)**

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

"RESOLVED THAT pursuant to the provisions of Section 160(1) of the Companies Act, 2013 ("Act") and other applicable provisions, if any, of the Companies Act, 2013 (hereinafter referred to as "the Act", including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and Articles of Association of Company, Mr. Abhinav Goyal (DIN: 0008786430), in respect of whom the Company has received a recommendation from the Nomination and Remuneration Committee and notice in writing under Section 160 of the Act from a Member proposing his candidature for the office of Director, be and is hereby appointed as a Non-Executive Director (Non-Independent), liable to retire by rotation with immediate effect."

Place: Navi Mumbai
Date: 29th June, 2020

**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
Website: www.pradeepmetals.com
CIN: L99999MH1982PLC026191

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

NOTES:

1. Considering the present Covid-19 pandemic, the Ministry of Corporate Affairs ('MCA') has vide its circular dated 5th May, 2020 read together with circulars dated 8th April, 2020 and 13th April, 2020 (collectively referred to as 'MCA Circulars') permitted convening the Annual General Meeting ('AGM' /'Meeting') through Video Conferencing ('VC') or Other Audio Visual Means ('OAVM'), without the physical presence of the Members at a common venue. In accordance with the MCA Circulars, provisions of the Companies Act, 2013 ('the Act') and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI LODR Regulations'), the AGM of the Company is being held through VC/OAVM. The deemed venue for the AGM shall be the Registered Office of the Company.
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. Generally, a Member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on a poll instead of himself and the proxy need not be a Member of the Company. Since this AGM is being held through VC/OAVM pursuant to the MCA Circulars, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the AGM and hence the Proxy Form and Attendance Slip are not annexed hereto.
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, 18th September, 2020 to Thursday, 24th September, 2020 (both days inclusive).
6. 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.
7. Since the AGM will be held through VC/OAVM, the route map of the venue of the Meeting is not annexed hereto.
8. **DISPATCH OF ANNUAL REPORT THROUGH ELECTRONIC MODE:**
In compliance with the MCA Circulars and SEBI Circular dated 12th May, 2020, Notice of the AGM along with the Annual Report 2019-20 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 2019-20 will also be available on the Company's website www.pradeepmetals.com, websites of the Stock Exchange and on the website of Company's Registrar and Transfer Agent, Link Intime India Private Limited at <https://instavote.linkintime.co.in>.
9. **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:

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- i. Kindly log in to the website of our RTA, Link Intime India Private Ltd., 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.

10. Securities of listed companies would be transferred in dematerialized form only w.e.f. 1st 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.

11. VOTING

- a) In compliance with the provisions of Section 108 of the Act read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended), Secretarial Standard on General Meetings (SS-2) issued by the Institute of Company Secretaries of India ("ICSI") and Regulation 44 of the SEBI Listing Regulations, the Company is pleased to provide its Members the facility to cast their votes either for/or against each resolutions set forth in the Notice of the 37th AGM using electronic voting system ('remote e-voting') and e-voting (during the 37th AGM), provided by Link Intime India Private Limited ("**Link Intime**") and the business may be transacted through such voting.
- b) Only those Members who will be present in the 37th AGM through VC/OAVM facility and have not cast 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 during the 37th AGM.
- c) In case of joint holders attending the meeting, the Member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote.
- d) The voting period begins on Tuesday, 22nd September, 2020 (9.00 AM IST) and ends on Thursday, 24th September, 2020 (5.00 PM IST). During this period, Members holding shares either in physical or dematerialized form, as on the cut-off date, i.e. as on Thursday, 17th September, 2020 may cast their votes electronically. Any person, who acquires shares of the Company and becomes a Member of the Company after dispatch of the Notice of 37th AGM and holds shares as of the cut-off date i.e. Thursday, 17th September, 2020, may obtain the login ID and password by sending a request at investors@pradeepmetals.com or rnt.helpdesk@linkintime.co.in. However, if a Member is already registered with Link Intime for e-voting, then he/she can use existing user id and password/PIN for casting the vote.

Remote e-Voting Instructions for Shareholders:

1. Open the internet browser and launch the URL: <https://instavote.linkintime.co.in>

Those who are first time users of LIPL e-voting platform or holding shares in physical mode have to mandatorily generate their own Password, as under:

Click on '**Sign Up**' under '**SHARE HOLDER**' tab and register with your following details: -

A. User ID: Enter your User ID

- Shareholders/Members holding shares in **CDSL demat account shall provide 16 Digit Beneficiary ID**
- Shareholders/Members holding shares in **NSDL demat account shall provide 8 Character DP ID followed by 8 Digit Client ID**

- Shareholders/Members holding shares in **physical form shall provide** Event No + Folio Number registered with the Company
- B. PAN:** Enter your 10-digit Permanent Account Number (PAN) (Members who have not updated their PAN with the Depository Participant (DP)/Company shall use the sequence number provided to you, if applicable).
- C. DOB/DOI:** Enter the Date of Birth (DOB)/Date of Incorporation (DOI), (as recorded with your DP/Company - in DD/MM/YYYY format)
- D. Bank Account Number:** Enter your Bank Account Number (last four digits), as recorded with your DP/Company.
 - Shareholders/Members holding shares in **CDSL demat account shall provide either 'C' or 'D', above**
 - Shareholders/Members holding shares in **NSDL demat account shall provide 'D', above**
 - Shareholders/Members holding shares in **physical form** but have not recorded 'C' and 'D', shall provide their Folio number in 'D' above

Set the password of your choice (The password should contain minimum 8 characters, at least one special Character (@!#\$%&*), at least one numeral, at least one alphabet and at least one capital letter).

Click "confirm" (Your password is now generated).

NOTE: If Shareholders/Members are holding shares in demat form and have registered on to e-Voting system of LIPL: <https://instavote.linkintime.co.in>, and/or voted on an earlier event of any company then they can use their existing password to login.

2. Click on 'Login' under '**SHARE HOLDER**' tab.
3. Enter your User ID, Password and Image Verification (CAPTCHA) Code and click on '**Submit**'.
4. After successful login, you will be able to see the notification for e-voting. Select '**View**' icon.
5. E-voting page will appear.
6. Refer the Resolution description and cast your vote by selecting your desired option '**Favour/Against**' (If you wish to view the entire Resolution details, click on the '**View Resolution**' file link).
7. After selecting the desired option i.e. Favour/Against, click on '**Submit**'. A confirmation box will be displayed. If you wish to confirm your vote, click on '**Yes**', else to change your vote, click on 'No' and accordingly modify your vote.
8. Institutional Shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on the e-voting system of LIPL at <https://instavote.linkintime.co.in> and register themselves as '**Custodian/Mutual Fund/Corporate Body**'. They are also required to upload a scanned certified true copy of the board resolution /authority letter/power of attorney etc. together with attested specimen signature of the duly authorized representative(s) in PDF format in the '**Custodian/Mutual Fund/Corporate Body**' login for the Scrutinizer to verify the same.

If you have forgotten the password:

- Click on '**Login**' under '**SHARE HOLDER**' tab and further Click '**forgot password?**'
- Enter **User ID**, select **Mode** and Enter Image Verification (CAPTCHA) Code and Click on '**Submit**'.

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- In case Shareholder/Member is having valid email address, the Password will be sent to his/her registered e-mail address.
- Shareholder/Member can set the password of his/her choice by providing the information about the particulars of the Security Question and Answer, PAN, DOB/DOI, Bank Account Number (last four digits) etc. as mentioned above.
- The password should contain minimum 8 characters, at least one special character (@!#\$%&*), at least one numeral, at least one alphabet and at least one capital letter.
- It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- For Shareholders/Members holding shares in physical form, the details can be used only for voting on the resolutions contained in this Notice.
- During the voting period, Shareholders/Members can login any number of time till they have voted on the resolution(s) for a particular “Event”.
- Shareholders/Members holding multiple folios/demat account shall choose the voting process separately for each of the folios/demat account.
- In case Shareholders/Members have any queries regarding e-voting, they may refer the **Frequently Asked Questions (‘FAQs’)** and **Insta Vote e-Voting manual** available at <https://instavote.linkintime.co.in>, under **Help** section or send an email to enotices@linkintime.co.in or contact on: - Tel: +91-022-4918 6000.

12. PROCESS AND MANNER FOR ATTENDING THE ANNUAL GENERAL MEETING THROUGH INSTAMEET:

1. Shareholders/Members are entitled to attend the 37th AGM through VC/OAVM provided by Link Intime by following the below mentioned process. Facility for joining the 37th AGM through VC/OAVM shall open 15 (fifteen) minutes before the time scheduled for the 37th AGM.
2. Shareholders/Members will be provided with InstaMeet facility wherein Shareholders/Members shall register their details and attend the 37th AGM is as under:

Open the internet browser and launch the URL: <https://instameet.linkintime.co.in>

- ❖ Select the “**Company**” and “**Event Date**” and register with your following details: -
 - A. Demat Account No. or Folio No:** Enter your 16 digit Demat Account No. or Folio No
 - Shareholders/Members holding shares in **CDSL demat account shall provide 16 Digit Beneficiary ID**
 - Shareholders/Members holding shares in **NSDL demat account shall provide 8 Character DP ID followed by 8 Digit Client ID**
 - Shareholders/Members holding shares in **physical form shall provide Folio Number** registered with the Company
 - B. PAN:** Enter your 10-digit Permanent Account Number (PAN). Members who have not updated their PAN with the Depository Participant (DP)/Company, shall use the sequence number provided to you, if applicable.
 - C. Mobile No.:** Enter your mobile number.
 - D. Email ID:** Enter your email id, as recorded with your DP/Company.
- ❖ Click “Go to Meeting” (You are now registered for InstaMeet and your attendance is marked for the meeting).

Instructions for Shareholders/Members to Speak during the Annual General Meeting through InstaMeet:

1. Shareholders/Members who would like to express their views during the meeting may register themselves as a speaker by sending their request mentioning their name, demat account number/folio number, email id, mobile number at investors@pradeepmetals.com from Monday, 21st September, 2020 ,10.00 a.m to Thursday, 24th September, 2020, 4.00 p.m. (preferably one day or 24 hrs. prior to the date of 37th AGM).
2. The Company reserves the right to restrict the number of speakers depending on the availability of time for the 37th AGM.
3. Shareholders/Members are requested to speak only when moderator of the meeting/management will announce the name and serial number for speaking.
4. Shareholders/Members, who would like to ask 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.
5. Other Shareholder/Members may ask questions to the panelists, via active chat-board during the meeting.
6. Please remember mentioning the serial number and start your conversation with panelist by switching on video mode and audio of your device.

Instructions for Shareholders/Members to Vote during the Annual General Meeting through InstaMeet:

Once the electronic voting is activated by the scrutinizer/moderator during the meeting, Shareholders/Members who have not exercised their vote through the remote e-voting can cast the vote as under:

1. On the Shareholders VC page, click on the link for e-Voting "Cast your vote"
2. Enter your 16 digit Demat Account No./Folio No. and OTP (received on the registered mobile number/registered email Id) received during registration for InstaMEET and click on 'Submit'.
3. After successful login, you will see "Resolution Description" and against the same the option "Favour/Against" for voting.
4. Cast your vote by selecting appropriate option i.e. "Favour/Against" as desired. Enter the number of shares (which represents no. of votes) as on the cut-off date under 'Favour/Against'.
5. After selecting the appropriate option i.e. Favour/Against as desired and you have decided to vote, click on "Save". A confirmation box will be displayed. If you wish to confirm, click on "Confirm", else to change your vote, click on "Back" and accordingly modify your vote.
6. Once you confirm your vote on the resolution, you will not be allowed to modify or change your vote subsequently.

Notes:

1. Shareholders/Members, who will be present in the Annual General Meeting through InstaMeet 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 facility during the meeting. Shareholders/Members who have voted through Remote e-Voting prior to the Annual General Meeting will be eligible to attend/participate in the Annual General Meeting through InstaMeet. However, they will not be eligible to vote again during the meeting.
2. Shareholders/Members are encouraged to join the Meeting through Tablets/Laptops connected through broadband for better experience.
3. Shareholders/Members are required to use Internet with a good speed (preferably 2 MBPS download stream) to avoid any disturbance during the meeting.
4. Please note that Shareholders/Members connecting from Mobile Devices or Tablets or through Laptops

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connecting via Mobile Hotspot may experience Audio/Visual loss due to fluctuation in their network. It is therefore recommended to use stable Wi-Fi or LAN connection to mitigate any kind of aforesaid glitches.

In case Shareholders/Members have any queries regarding login/e-voting, they may send an email to instameet@linkintime.co.in or contact on: - Tel: +91-022-49186175.

13. The Scrutinizer shall, immediately after the conclusion of voting at the 37th AGM, first count the votes cast during the 37th AGM, thereafter unblock the votes cast through remote e-voting and make, not later than 48 hours of conclusion of the 37th 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 Link Intime India Private Limited (<https://instavote.linkintime.co.in>) 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 37th AGM i.e. 25th September, 2020.

ANNEXURE TO THE NOTICE

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

Item No. 3

Re-appointment of Statutory Auditors, M/s. N.A. Shah Associates LLP, Chartered Accountants (Firm Registration Number: 116560W/W100149) for a Second Term of 5 years:

In accordance with the provisions of Section 139(1) of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 ('the Act'), M/s. N.A. Shah Associates LLP, Chartered Accountants (Registration No. 116560W/W100149), were appointed as the Statutory Auditors of Company in the 32nd Annual General Meeting of the Company held on 11th September, 2015 for a term of 5 years i.e. to hold office upto the conclusion of 37th Annual General Meeting of the Company.

M/s. N.A. Shah Associates LLP, would be completing 5 years as the Statutory Auditors of the Company at this Annual General Meeting. In accordance with Section 139(2) of the Act and the transitional provisions provided under Rule 6 of the Companies (Audit and Auditors) Rules, 2014, M/s. N.A. Shah Associates LLP are eligible for re-appointment for a second term of 5 (five) years.

The Board of Directors, based on the recommendation of the Audit Committee, has proposed to re-appoint M/s. N.A. Shah Associates LLP, Chartered Accountants, Mumbai (Firm Registration Number 116560W/W100149) as Statutory Auditors of the Company to hold office for a period of five years from the conclusion of this Annual General Meeting till the conclusion of the 42nd Annual General Meeting.

The Board recommends an **Ordinary Resolution** for approval by the Members. None of the Directors or Key Managerial Personnel or their relatives is concerned or interested in the Resolution.

Item No. 4

Re-appointment of Dr. Kewal Krishan Nohria (DIN: 00060015) as a Non-Executive Non-Independent Director of the Company:

The Members of the Company, at the 35th Annual General Meeting held on 14th August, 2018 had approved the continuation of appointment of Dr. Kewal Krishan Nohria, who had attained the age of seventy-five years as a Non-Executive Non-Independent Director of the Company, liable to retire by rotation, vide Special Resolution, pursuant to the provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018.

Dr. Nohria has a rich and prudent experience in Electrical and Electronics industry and has provided valuable guidance to the Company from time to time. Hence, in the interest of the Company, it has been thought prudent to continue to avail his considerable expertise and thereby continue his directorship. The Board of Directors, based on the recommendation of Nomination and Remuneration Committee has recommended the re-appointment of Dr. Kewal Krishan Nohria for approval of Members at ensuing Annual General Meeting.

Additional details with regard to the nature of his expertise in specific functional areas and names of companies in which he holds Directorships/Chairmanships and Memberships/Chairmanships of Board Committees, shareholding and relationships between Directors inter-se as stipulated under Listing Regulations, is provided in the Corporate Governance Report forming part of the Annual Report. This Statement may also be regarded as a disclosure under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Except Dr. Kewal Krishan Nohria, 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 this Resolution. The Board commends passing of the Resolution set out at Item No. 4 of the accompanying notice as **Special Resolution**.

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Item No. 5

Approve the remuneration of the Cost Auditors for the financial year ending 31st March, 2021:

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 2019-20. Considering their satisfactory performance, the Board of Directors, on the recommendation of the Audit Committee at its meeting held on 29th June, 2020, approved the 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 31st March, 2021 at a remuneration of Rs.1,25,000/- (Rupees One lakhs twenty five thousand Only) plus applicable taxes and reimbursement of out of pocket expenses at actual. In accordance with the provisions of Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, consent of the Members is sought by passing an **Ordinary Resolution**, as set out at Item No. 5 of the Notice, for the remuneration payable to the Cost Auditors for the financial year ending 31st March, 2021.

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

Item No. 6

Approve Re-appointment of Mr. Pradeep Goyal, as a Chairman and Managing Director of the Company (DIN: 00008370):

The Members of the Company had accorded their approval for re-appointment of Mr. Pradeep Goyal as the Chairman and Managing Director of the Company for a period of 3 years with effect from 17th December, 2017 till 16th December, 2020 and the remuneration payable to him, by passing a Special Resolution at its 31st Annual General Meeting held on 21st August, 2017. In the 36th Annual General Meeting held on 10th August, 2019, approval of the Members of the Company was obtained for increase in remuneration of Mr. Pradeep Goyal upto the existing term of his appointment. The tenure of Mr. Goyal as Chairman and Managing Director is expiring as on 16th December, 2020.

The Board of Directors/Nomination & Remuneration Committee, at their meeting held on 29th June, 2020, after careful consideration and deliberation on Mr. Goyal's qualifications, experience, expertise and responsibilities shouldered by him and rising volume of Company's business and profits and the practice prevailing in the Industry, thought it prudent and in the best interest of the Company that Mr. Goyal be re-appointed as Chairman and Managing Director of the Company for the tenure of 3 (three) years with effect from 17th December, 2020 till 16th December, 2023, on the terms and conditions and remuneration as mentioned in Resolution No. 6, subject to approval of its Members by a **Special Resolution**.

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

I. General Information		
No	Particulars	Information
1.	Nature of Industry	Manufacturer and Exporter of closed die forged and machined components.
2.	Date or expected date of commencement of commercial production.	The Company is an existing Company and carrying out business for more than 31 years.
3.	In case of a new company, expected date of commencement of activities as per project approved by Financial Institutions appearing in the prospectus.	Not Applicable
4.	Financial Performance (standalone) based on given Indicators	Financial year 2019-20: Gross Revenue: Rs. 17,828.61 lakhs Profit before Interest, Depreciation, Exceptional items and Tax: Rs. 3,092.38 lakhs Profit after Tax (before OCI): Rs. 1,288.15 lakhs Rate of Dividend: 10% Earnings per Share: Rs. 7.46

5.	*Foreign Investments or Collaborations, if any (as on 31 st March, 2020)	Investment in Pradeep Metals Limited Inc, Houston, USA (WOS)	a) Equity/Investment: Rs. 609.10 lakhs (At cost)
			b) Loan: Rs. 189.16 lakhs (USD 2,50,000)
			c) Corporate Guarantees/Securities Furnished: Rs. 1,626.80 lakhs (USD 2,150,000)
			d) SBLC (Stand by letter of credit): Rs. 756.65 lakhs (USD 1,000,000)

*Exchange Rate of USD 1= Rs. 75.665 for FY 2019-20

II. General Information										
Sr. No.	Particulars	Information								
1.	Background details	<p>Mr. Pradeep Goyal is associated with the Company since its incorporation. He is a qualified engineer having completed his B. Tech (Metallurgy) from Indian Institute of Technology, Kanpur (1978) and obtained his S.M. (Materials Science and Engineering) from the world renowned Massachusetts Institute of Technology, Cambridge, MA, USA, (1980).</p> <p>In 2006, Mr. Goyal established a state-of-the-art research center ‘Industrial Microwave Research Center’ (IMRC) in Mumbai, which is dedicated to developing microwave based environment friendly technologies for saving energy. IMRC is recognized as an “In-house R&D unit” by Govt. of India, Ministry of Science and Technology, Department of Scientific & Industrial Research. Research was initiated in varied fields with an aim to reduce energy consumption and develop clean processes.</p>								
2.	Past Remuneration	<p>The remuneration drawn by Mr. Pradeep Goyal during the past three years is as follows:</p> <table><thead><tr><th>Year</th><th>Remuneration</th></tr></thead><tbody><tr><td>FY 2017-2018</td><td>Rs. 84 lakhs plus Rs. 39,600 perquisites</td></tr><tr><td>FY 2018-2019</td><td>Rs. 84 lakhs plus Rs. 15.42 lakhs perquisites and Rs. 25 lakhs Incentive pay</td></tr><tr><td>FY 2019-2020</td><td>Rs. 100 lakhs plus Rs. 16.86 lakhs perquisites and Rs. 25 lakhs Incentive pay</td></tr></tbody></table>	Year	Remuneration	FY 2017-2018	Rs. 84 lakhs plus Rs. 39,600 perquisites	FY 2018-2019	Rs. 84 lakhs plus Rs. 15.42 lakhs perquisites and Rs. 25 lakhs Incentive pay	FY 2019-2020	Rs. 100 lakhs plus Rs. 16.86 lakhs perquisites and Rs. 25 lakhs Incentive pay
Year	Remuneration									
FY 2017-2018	Rs. 84 lakhs plus Rs. 39,600 perquisites									
FY 2018-2019	Rs. 84 lakhs plus Rs. 15.42 lakhs perquisites and Rs. 25 lakhs Incentive pay									
FY 2019-2020	Rs. 100 lakhs plus Rs. 16.86 lakhs perquisites and Rs. 25 lakhs Incentive pay									
3.	Recognition or Awards	<p>Mr. Pradeep Goyal was awarded the 1st Rank in Metallurgy at I.I.T., Kanpur and received Silver Medal from the President of India. Best Student Metallurgist Award was conferred on him by the Indian Institute of Metals in 1978. He is the recipient of several awards and scholarships all through his career.</p>								
4.	Job Profile and his suitability	<p>Mr. Pradeep Goyal is associated with Company since its incorporation and he is on its Board of Directors since the year 1983. He has been acting as the Managing Director of the Company since 17th December, 2000. In 2010, he was elevated as the Chairman and Managing Director of the Company. The Company has been growing due to his technical, marketing and management expertise.</p>								

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5.	Comparative Remuneration Profile with respect to industry; size of Company; profile and position of the person	Considering the qualification and experience of Mr. Pradeep Goyal and looking to the considerable growth of the Company, its increasing revenue and the responsibilities shouldered by him, the remuneration proposed to be paid is commensurate with the remuneration packages paid to similar level counterpart(s) in the Industry.
6.	Pecuniary relationship directly or indirectly with the Company or relation with Managerial Person	Mr. Pradeep Goyal belongs to the Promoter Group and is related to Mrs. Neeru P. Goyal, Director. Besides remuneration being paid/proposed to be paid, he does not have any pecuniary relationship with the Company.

III. Other Information

Sr. No.	Particulars	Information
1.	Reasons of loss or inadequate profits	NA
2.	Steps taken or proposed to be taken for improvement	Continuous efforts are being made to reduce the costs, wherever feasible, improve operational efficiency and develop new products and customers. It is amply reflected in the operations of the Company.
3.	Expected increase in productivity and profits in measurement terms	Considering the market conditions prevailing globally and efforts made by the management to develop new products and customers and, barring impact of Covid-19 and other unforeseen circumstances, the Company expects to achieve improved revenue and profitability going forward.

IV. Disclosures

Sr. No.	Particulars	Information
1.	Remuneration package of the appointee	As per the terms and conditions given in the Special Resolution and its Explanatory Statement under Item No. 6.
2.	Details of fixed component and performance linked	As per the terms and conditions given in the Special Resolution and its Explanatory Statement under Item No. 6.
3.	Service Contract, Notice Period, Severance Fees	NA
4.	Stock Options details, if any, and whether the same has been issued at a discount as well as the period over which accrued and over which exercisable.	NA

Considering Mr. Pradeep Goyal's qualifications, experience, expertise, responsibilities shouldered by him, the rising volume of Company's business and profits earned by it, the proposed re-appointment and terms of remuneration can be considered reasonable. Your Directors are of the opinion that the re-appointment of Mr. Pradeep Goyal as Chairman and Managing Director and Promoter of the Company is in the best interest of the Company.

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

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

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

Item No. 7

To appoint Mr. Abhinav Goyal as a Non-Executive (Non-Independent) Director of the Company (DIN 0008786430):

The Board of Directors of the Company, at its meeting held on 29th June, 2020, has proposed the candidature of Mr. Abhinav Goyal as a Non-Executive Director (Non-Independent) of the Company on the recommendation of the Nomination and Remuneration Committee.

Mr. Abhinav Goyal, aged 36 years, has a Bachelor of Science (Computer Engineering) degree from California Polytechnic State University, San Luis Obispo, CA and a MBA degree from Corneil University, NY. Mr. Abhinav Goyal is employed with Dimensional Machine Works, LLC, Houston, USA (DMW), 100% SDS (Step-down Subsidiary) of the Company. He is son of Mr. Pradeep Goyal, Chairman and Managing Director and Mrs. Neeru P. Goyal, Director of the Company and belongs to the Promoter Group. Mrs. Neha Goyal, his wife, is also working with DMW as Accounting, Human Resource & Purchase Officer w.e.f. 1st April, 2019.

Mr. Abhinav Goyal has been working as the President of DMW since 1st May, 2015 and looking after strategic planning, production and marketing operations of DMW. He has also been supervising the import and marketing functions of Pradeep Metals Limited Inc., USA, 100% Subsidiary of the Company under a management arrangement with DMW.

Prior to this assignment, Mr. Abhinav Goyal was working as Vice President (Business Development and Technology) in the Company from 1st September, 2012 until he shifted to USA.

From 2006 to 2010, he worked with CSC Consulting (now DXC Technology) in San Francisco, California as a technology consultant, where he was involved in implementing a technology merger for a JV between Lockheed Martin and Boeing. During the same time, he managed a multi-year software implementation for a Fortune 20 North American Bank. In 2011, he worked as an MBA Intern with CISCO Systems in San Jose, California.

Mr. Abhinav Goyal has been instrumental in developing several new customers and products.

The Directors are of the view that the appointment of Mr. Abhinav Goyal as a Non-Executive Director of the Company will be beneficial to the Company. Nomination and Remuneration Committee, in its meeting held on 29th June, 2020, has also recommended his candidature as Director of the Company. The Company has also received a notice under Section 160(1) proposing his candidature.

The information of Mr. Abhinav Goyal, to be provided under Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, is provided in the Corporate Governance Report.

Except Mr. Pradeep Goyal and Mrs. Neeru P. Goyal, Directors and Promoters, none of the other Directors and Key Managerial Personnel of the Company and their relatives is/are in any manner, concerned or interested, financially or otherwise, in passing the resolutions set out at item No. 7.

The Board commends passing of the Resolution set out at Item No. 7 of the accompanying Notice as **Ordinary Resolution**.

Place: Navi Mumbai
Date: 29th June, 2020

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

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

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DIRECTORS' REPORT

Your Directors are pleased to present the Thirty Seventh Annual Report together with the Audited Financial Statements for the year ended 31st March, 2020.

1. FINANCIAL RESULTS:

The Company's standalone financial performance for the year ended 31st March, 2020 is summarized below:

(Rupees in lakhs)

Year Ended	31.03.2020	31.03.2019
Total Income	17828.61	17610.72
Profit/(Loss) before Depreciation, Exceptional items and Taxes	2477.66	2122.07
Less: Depreciation & amortization expenses	509.21	443.81
Less: Exceptional item*	270.00	-
Profit before taxes	1698.45	1678.25
Less: Provision for taxes	410.30	484.38
Profit after tax for the year	1288.15	1193.87
Other Comprehensive Income (Net of Taxes)	70.74	(27.45)
Total Comprehensive Income	1358.90	1166.42

* Exceptional items represent provision made for impairment in the value of investment in Pradeep Metals Inc. (WOS).

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

Your Company achieved Revenues from Operations and Other Income of Rs.17,828.61 lakhs during the financial year ended 31st March, 2020, an increase of 1.24% over the previous year. Profit before Exceptional items and Taxes for the year has increased by 17.29% and Profit after Exceptional items and Taxes by 7.90% during the year under review due to better recovery, product-mix, production planning and cost controls. The performance would have been better but due to sudden stoppage of production and dispatches for 15 days in the month of March 2020 in view of Covid-19 pandemic.

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

3. DIVIDEND:

Your Directors declared an Interim Dividend of 10% i.e. Re. 1 per Equity share of Rs.10/- each for the financial year ended 31st March, 2020 in the Board Meeting of the Company held on 29th February, 2020.

4. TRANSFER TO RESERVES:

No amount has been transferred to the General Reserve.

5. MANAGEMENT'S DISCUSSION AND ANALYSIS REPORT:

Management's Discussion and Analysis Report for the year under review, in terms of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the "Listing Regulations") and SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018 (the "Amended Listing Regulations"), form part of this report.

6. SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES:

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

The WOS is engaged in warehousing and marketing the products manufactured by the Company, whereas the SDS has been engaged in manufacturing components mainly for the Oil & Gas industry in USA. It has recently diversified its activities in engineering industries in order to improve its viability. The total income of the WOS and the SDS was Rs.3,556.75 lakhs and Rs.1,339.54 lakhs for the current year as compared to Rs.3,522.91 lakhs and Rs.1,064.34 lakhs for the previous year, respectively. The combined loss before Exceptional items and Taxes of both the subsidiaries amounted of Rs. 531.11 lakhs in the year as compared to loss of Rs.410.00 lakhs in the previous year. The performance is expected to improve in view of development of new customers & products. The efforts are being made to develop new customers and enlarge the products range, in order to improve turnover and profitability of both the subsidiaries.

The consolidated Income of the Company is Rs.19,732.35 lakhs in the current year as compared to Rs.19,251.47 lakhs in the previous year, i.e. a growth of 2.50%. The consolidated Profit before Exceptional Items of Rs. 270.00 lakhs but after Taxes for the current year is Rs.1,036.07 lakhs as compared to Rs.933.56 lakhs in the previous year. The performance of the activities of the Company as well as both its subsidiaries were adversely affected in March, 2020 in view of Covid-19 pandemic.

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 and Dimensional Machine Works, LLC, Houston, USA, 100% Step-down Subsidiary fall under the definition of Material Subsidiaries as mentioned above.

7. 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.

8. CREDIT RATING:

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

Rating Agency	CRISIL Limited dated 09.04.2020	CRISIL Limited dated 08.04.2019
Total Bank Loan facilities rated	Rs.10,200 lakhs	Rs.10,200 lakhs
Long-term Rating	CRISIL BBB-/Stable (Reaffirmed)	CRISIL BBB-/Stable (Upgraded from CRISIL BB+/Positive)
Short-term Rating	CRISIL A3 (Reaffirmed)	CRISIL A3 (upgraded from CRISIL A4+)

9. SHARE CAPITAL:

During the year under review, there was no change in the Company's Issued, Subscribed and Paid-up Equity Share Capital which consisted of 1,72,70,000 Equity Shares of Rs.10/- each as on 31st March, 2020. The Company has issued only one class of Equity Shares and it has not issued shares with differential rights.

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

10. DIRECTORS AND KEY MANAGERIAL PERSONNEL:

At present, your Company has Seven (7) Directors consisting of Four (4) Independent Directors (of which one is Woman Director), One (1) Executive Director and Two (2) Non-Executive Directors (of which one is Woman Director).

Appointment:

In accordance with the provisions of 160 (1) Companies Act, 2013 ("the Act"), Mr. Abhinav Goyal (DIN: 0008786430) is proposed to be appointed as Non-Executive (Non-Independent) Director of the Company liable to retire by rotation with effect from 37th Annual General Meeting.

Re-appointments:

1. In accordance with the provisions of Section 152(6) of the Companies Act, 2013 ("the Act"), Dr. Kewal Krishan Nohria (DIN: 00060015), Non-Executive, Non-Independent Director, retires by rotation at ensuing Annual General Meeting (AGM) and who has attained age of seventy-five years, being eligible, has offered himself for re-appointment. Details of his background are given in the Corporate Governance Report, which forms part of this Annual Report.
2. The present term of Mr. Pradeep Goyal as the Chairman and Managing Director will expire on 16th December, 2020. In view of his satisfactory performance and growth of the Company under his stewardship, it's now proposed to re-appoint him as a Chairman and Managing Director for a further period of three years w.e.f. 17th December, 2020 upto 16th December, 2023.

Cessation/Resignation:

Mr. Omprakash Agarwal ceased to be the Director of Company consequent to his death on 15th November, 2019.

Key Managerial Personnel:

Pursuant to the provisions of Section 203 of the Act, Mr. Pradeep Goyal, Chairman and Managing Director, Ms. Kavita 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.

11. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

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

12. DIRECTORS' RESPONSIBILITY STATEMENT:

In terms of the provisions of Section 134(3)(c) read with Section 134(5) of the Companies Act, 2013 ("the Act"), the Board of Directors, in respect of the year ended 31st March, 2020, hereby confirm that:

- a. in the preparation of the annual accounts, the applicable accounting standards have been followed and there are no material departures;
- b. they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period;
- c. they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

- d. they have prepared the annual accounts on a going concern basis;
- e. they have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- f. they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

13. DECLARATION BY INDEPENDENT DIRECTORS:

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

14. POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION ETC:

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

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

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

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

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

16. CORPORATE GOVERNANCE AND VIGIL MECHANISM:

A detailed Report on Corporate Governance, pursuant to the requirements of Regulation 34(3) of the Listing Regulations forms an integral part of this Report. A Certificate from the Auditors of the Company, 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 31st March, 2020.

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/>.

17. RISKS:

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

18. CORPORATE SOCIAL RESPONSIBILITY (CSR):

The Corporate Social Responsibility Committee (CSR Committee) has formulated and recommended to the Board, a Corporate Social Responsibility Policy (CSR Policy) indicating the activities to be undertaken by the Company, which has been approved by the Board and the same has been hosted on the Company's website <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. 25.10 lakhs (about 102.37%) against the annual requirement of Rs. 24.52 lakhs for the year 2019-20 on CSR activities.

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

19. AUDIT COMMITTEE:

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

20. AUDITORS AND AUDITORS' REPORT:

a. Statutory Auditors

Pursuant to the provisions of Section 139(1) of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014, 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 32nd AGM as the Statutory Auditors of the Company, for a term of 5 years i.e. till the conclusion of 37th AGM of the Company to be held in year 2020.

The Company in its Board of Directors Meeting held on 29th June, 2020 proposed to re-appoint M/s. N.A. Shah Associates LLP (Firm Registration No. 116560W/W100149) Chartered Accountants as the Statutory Auditors of the Company for Second term of five years from the conclusion of 37th AGM of the Company till the conclusion of 42nd AGM of the Company.

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 2020-21 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 2018-19 was filed with the Ministry of Corporate Affairs on 10th September, 2019. 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 31st March, 2020 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 2020-21.

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

During the financial year 2019-20, the Company has not given any Loan, Guarantees, made any investment in the Equity Share Capital of Pradeep Metals Limited Inc. (WOS).

22. CONTRACTS AND ARRANGEMENTS WITH RELATED PARTIES:

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

The Policy on materiality of related party transactions and dealing with related party transactions as approved by the Board may be accessed on the Company's website <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.

23. MATERIAL CHANGES AND COMMITMENTS:

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

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

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

25. INTERNAL FINANCIAL CONTROL SYSTEM:

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

26. SECRETARIAL STANDARDS:

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

27. HUMAN RESOURCES:

The Company 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 31st March, 2020, the Company had 455 permanent employees at its manufacturing plants and administrative office at Rabale, Navi Mumbai.

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

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

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

During the financial year 2019-20 four Meetings were held of the Internal Complaints Committee on 15th June, 2019, 16th September, 2019, 17th December, 2019 and 14th March, 2020.

29. EXTRACT OF ANNUAL RETURN AS ON 31st MARCH, 2020:

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

30. BOARD MEETINGS HELD DURING THE FY 2019-20:

During the financial year 2019-20, five (5) Board Meetings were held on 15th May, 2019, 10th August, 2019, 13th November, 2019, 4th February, 2020 and 29th February, 2020 details of which are furnished in the Corporate Governance Report forming part of this Report. The gap between any two Meetings did not exceed 120 days.

31. PROMOTER GROUP:**Change in Promoter and Promoter Group:**

During the financial year 2019-20 there is no change in Promoter and Promoter Group Shareholding.

32. PARTICULARS OF EMPLOYEES:

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

33. SPECIAL BUSINESS:

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

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

1. To re-appoint a Director in place of Dr. Kewal Krishan Nohria (DIN: 00060015) as Non-Executive Non-Independent Director of the Company, who retires by rotation and who has attained the age of seventy-five years, being eligible, offers himself for re-appointment.
2. To consider and approve the remuneration of the Cost Auditors for the financial year ending 31st March, 2021.
3. To re-appoint Mr. Pradeep Goyal as a Chairman and Managing Director of Company for a period of 3 (Three) years commencing from 17th December, 2020 to 16th December, 2023.
4. To consider and approve appointment of Mr. Abhinav Goyal as Non-Executive Non-Independent Director of Company.

34. GENERAL:

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

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

35. ACKNOWLEDGEMENT:

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

Place: Navi Mumbai
Date: 29th June, 2020

**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 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

(Rupees in lakhs)*

Sr. No.	Name of Subsidiary	Pradeep Metals Ltd Inc., Houston, USA	Dimensional Machine Works, LLC, Houston, USA
1	Date since when subsidiary was acquired	04.03.2015 #	25.04.2015
2	Reporting period	01.04.2019 to 31.03.2020	01.04.2019 to 31.03.2020
3	Reporting Currency	USD	USD
4	Share capital	1027.53	2739.16
5	Reserves and Surplus	-321.62	-2449.47
6	Total Liabilities excluding share capital and reserves	4830.74	1994.84
7	Total Assets	5536.66	2284.53
8	Investments	2469.16	-
9	Turnover/Total Income	3556.75	1339.54
10	Profit before Exceptional items and Taxes	-108.32	-422.80
11	Exceptional items	270.00	345.67
12	Provisions for Taxation	-	-
13	Profit after Exceptional items and Taxes	-378.32	-768.46
14	Proposed Dividend	-	-
15	% of Share Holding	100%	100%

*Exchange Rate of USD 1= Rs.75.665 for Balance Sheet items and Rs.70.949 for Profit & Loss items.

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

- 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: 29th June, 2020

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 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	34.58

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 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 in Remuneration
		2018-19	2019-20	
1	Mr. Pradeep Goyal	124.42	141.86	14%

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 in Remuneration
		2018-19	2019-20	
1	Ms. Kavita Choubisa Ojha	13.00	15.44	18%

- ii) **Company Secretary**

Sr. No	Name	Remuneration p.a. (Rs. in lakhs)*		% Increase in Remuneration
		2018-19	2019-20	
1	Ms. Nivedita Nayak	7.90	7.90	0%

*Ms. Nivedita Nayak was appointed as Company Secretary w.e.f. 18th March, 2019.

- III. **The percentage increase in the median remuneration of employees in the financial year: 25.27%.**
- IV. **The number of permanent employees on the rolls of Company: 455**
- V. **Average percentile increase already made in the salaries of the employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:**

The average percentile increases in the salaries of the employees other than the managerial personnel is around 11.25%. However, the percentile increases in the managerial remuneration have been mentioned in point II above.

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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	Total Remuneration							
1	Mr. Pradeep Goyal	64 years	Chairman and Managing Director	116.86	25.00	141.86	Contractual	Metallurgist from IIT, Kanpur with a Master's degree in Materials Science & Engineering from M.I.T., Cambridge, USA	17.12.2017	More than 40 years	Pradeep Metals Limited – Managing Director	9.12%	Spouse of Mrs. Neeru P. Goyal

NOTE: Gross salary comprises of salary and allowances.

- ii) Details of employees employed for a part of the financial year and in receipt of remuneration for any part of the year, at a rate which, in aggregate, was not less than Rupees Eight lakhs and Fifty thousand 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: 29th June, 2020

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 31st March, 2020 as stipulated in Regulations 17-27, clause (b) to (i) of Regulation 46 (2) and paragraphs C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended) ('Listing Regulations') pursuant to the Listing Agreement of the Company with the Stock Exchange.

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

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

Auditor's Responsibility

3. Pursuant to the requirements of the Listing Regulations, it is our responsibility to provide a reasonable assurance whether the Company has complied the conditions of Corporate Governance as stipulated in Listing Regulations as applicable mentioned in para 1 above for the year ended 31st March, 2020.
4. Our examination was limited to a review of procedures and implementation thereof adopted by the Company for ensuring the compliance of the conditions of Corporate Governance as stipulated in the said clause/Regulation as applicable. It is neither an audit nor an expression of opinion on the financial statements of the Company.
5. We conducted our examination in accordance with the Guidance Note on Reports or Certificates for Special Purposes (Revised 2016), issued by the Institute of Chartered Accountants of India ('ICAI'). The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
6. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information and Other Assurance and Related Services Engagements.

Opinion

7. Based on our examination and according to explanations given to us and representations made by the Directors and management, we certify that during the year ended 31st March, 2020, 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

Place: Mumbai

Date: 29th June, 2020

Membership number: 103286

UDIN: 20103286AAAACI8574

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ANNEXURE D TO DIRECTORS' REPORT

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES FOR THE FINANCIAL YEAR 2019-20

(Rupees in lakhs)

1.	A brief outline of the Company's CSR Policy including overview of the projects or programs proposed to be undertaken and a reference to the web-link to the CSR Policy and Projects or Programs	<p>The Company has identified two focus areas of engagement which are as under:</p> <ul style="list-style-type: none"> ▪ Health: Eradication of Polio and creating nationwide awareness of cancer and other health related activities ▪ Education: Promoting education by giving school kit, providing hostel facility and education to girl child (orphan) and providing education to tribal children. <p>https://www.pradeepmetals.com/policies/</p>
2.	Composition	<p>Ms. Neeru P. Goyal – Chairperson</p> <p>Mr. Suresh Gopal Vaidya– Member</p> <p>Mr. Jayavardhan Dhar Diwan– Member</p>
3.	Average net profit of the Company for the last three financial years	Rs.1225.93 lakhs
4.	Prescribed CSR expenditure (Two percent of the amount mentioned in item 3 above)	Rs. 24.52 lakhs
5.	Details of CSR spent during the Financial Year	
	a. Total amount spent for the financial Year	Rs. 25.10 lakhs
	b. Amount unspent, if any,	NIL
	c. Manner in which the amount was spent during the financial year	As per the table
6.	Reason for not spending the amount earmarked:	NA

DETAILS OF AMOUNT SPENT ON CSR ACTIVITIES DURING THE FINANCIAL YEAR 2019-20.
(Rupees in lakhs)

Sr. No	CSR project or Activity Identified	Sector in which the project is covered (Clause no. of Schedule VII to the Companies Act, 2013)	Project or Program (1) Local Area or Other (2) Specify the State and District where projects or programs was undertaken	Amount outlay (Budget) Project or program wise	Amount Spent on the Projects or Programs Sub-Heads: (1) Direct Expenditure on Projects or Programs (2)Overheads	Cumulative Expenditure upto the reporting period i.e. FY 2019-20	Amount spent through Implementing Agency
1	Indian Cancer Society	Health Clause (i)	Maharashtra	2.00	1.00	1.00	1.00
2	Friends of Tribals Society	Education Clause (ii)	Maharashtra	16.00	17.60	17.60	17.60
3	Vanvasi Seva Trust	Education Clause (ii)	Maharashtra	6.52	0.50	0.50	0.50
4	PMO Care Fund	Covid-19	Maharashtra		5.00	5.00	5.00
5	Ekal Gramathan Foundation	Covid-19	Maharashtra		1.00	1.00	1.00
	Total CSR Spend			24.52	25.10	25.10	25.10

RESPONSIBILITY STATEMENT

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

Sd/-

Pradeep Goyal

Chairman and Managing Director

DIN:00008370

Sd/-

Neeru P. Goyal

Chairperson, CSR Committee

DIN: 05017190

Place: Navi Mumbai

Date: 29th June, 2020

ANNEXURE E TO DIRECTORS' REPORT

FORM NO. MR-3

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2020

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

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

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

Based on my verification of the Company's books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of the Secretarial Audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2020 ('**Audit Period**'), complied with the Statutory provisions listed hereunder and also that the Company has proper Board Processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, Minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2020 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) Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (Effective upto September 10, 2018) (**Not Applicable to the Company during the Audit Period**);
 - e) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and The Securities and Exchange Board of India (Shared based Employee Benefits) Regulations, 2014; (**Not Applicable to the Company during the Audit Period**);
 - f) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; (**Not Applicable to the Company during the Audit Period**);
 - g) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - h) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (**Not Applicable to the Company during the Audit Period**);

- i) The Securities and Exchange Board of India (Buy-Back of Securities) Regulations, 1998 (Effective upto September 10, 2018) **(Not Applicable to the Company during the Audit Period)**;
- j) The Securities and Exchange Board of India (Buy-Back of Securities) Regulations, 2018 (Effective from 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 Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

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 Company had, on 29th February 2020, declared Interim Dividend for the financial year 2019-20. Per the requirements of Section 124(1) of the Companies Act, 2013, Dividend amount of Rs. 16,960,188/- (Rupees One Crore Sixty Nine Lacs Sixty Thousand One Hundred and Eighty-Eight Only) was remitted through the electronic mode to 2,728 Shareholders (representing 98.21% of the total Interim Dividend) whose bank account details were registered with the Company, within prescribed time limit of 30 days.

However, in view of situation emerged due to outbreak of Covid-19 and Nationwide Lockdown, as per order of Central Government, effective from 25th March 2020, the Company could not complete the process of printing and dispatching of 1,523 physical Dividend warrants amounting to Rs. 3,09,812/- (Rupees Three Lacs nine thousand Eight Hundred and Twelve only) (representing 1.79% of the total Interim Dividend amount) to such Shareholders whose bank account details were not registered with Company, within prescribed time limit of 30 days.

The Company shall make all possible efforts to complete the dispatch of the Dividend Warrants, as soon as possible, after movement restrictions pursuant to the lockdown order are lifted.

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

Place: Navi Mumbai
Date: 29th June, 2020

Sd/-
Ms. Shweta Gokarn
ACS: 30393 CP No: 11001
UDIN: A030393B000389774

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: 29th June, 2020

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:

(Rupees in lakhs)

Sr. No.	Name of the Related Party	Relationship	Nature of Transaction	Year Ended 31 st March, 2020
1	Pradeep Metals Limited, Inc., Houston USA	100% Subsidiary	Sales	2560.04
			Guarantee Commission Recovered	19.09
			Repayment of Loan Given	-
			Interest on Loan Received	12.11
			Reimbursement of custom duty recovered	292.42
			Reimbursement of freight charges recovered	154.08
			Reimbursement of bank charges recovered (SBLC)	13.32
	TOTAL			3051.06

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

Place: Navi Mumbai
Date: 29th June, 2020

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

ANNEXURE G TO DIRECTORS' REPORT**Particulars of Energy Conservation, Technology Absorption and Foreign Exchange Earnings and outgo required under the Companies (Accounts) Rules, 2014.****A. CONSERVATION OF ENERGY:**

The Company has reached a stage where it is exceedingly difficult to conserve on energy and reduce consumption much further. However, the focus is on replacement of existing equipment with that of better fuel efficiency. In this line of thinking, the Company is in touch with suppliers to replace the 1T Hammer with a CNC Hammer.

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

i. 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.
- Moving over to Induction Furnaces from Gas fired Furnaces.

ii. Capital investment on energy conservation equipment's: Capital investment of around 150 lakhs is planned for new 1T CNC Hammer.**B. TECHNOLOGY ABSORPTION:****1. The efforts made towards technology absorption/development:**

- (i) 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.

Highlights of the R&D projects during the last 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 by converting the batch process to a continuous process for commercialization. Few grinding wheel manufacturers are being contacted towards this.
- 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 expensive coke. PML filed a joint patent with Chubu University, Japan in few countries and is under examinations. This patent is granted in Ukraine, Japan (patent no. 119264, dt. 27th May, 2019) and Russia (patent no. 2705701 dt. 11th November, 2019). The present shortfall of this technology is power consumption which is slightly on the higher side (may be due to a small scale of operation). To bring it down, 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 to the Ministry of Steel, Govt. of India which is under review.

Apart from the above, efforts are being made to develop a technology where forging mill scales can be converted to value added products like sponge/pig iron. Preliminary laboratory results are very encouraging. Further optimization and scaling up the process is underway.

- c. A new project "Microwave Assisted Disinfestations of Food Grains" (like Rice and Wheat) was undertaken by IMRC during 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 is to work together to carry out R & D activities to develop a process for Microwave Assisted Disinfestations of Rice and Wheat to enhance the storage stability of treated grains. Conventionally chemical fumigants like Methyl Bromide, Phosphins are used for disinfestations. 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. It was observed that a small duration of microwave exposure kills all forms of pests present in the grains, without any adverse effect on the grain properties. The results obtained so far are very positive.

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

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

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

The processes being developed in the field of Microwave are new and novel in concept. Monetary benefits 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 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 project of Pradeep Metals Limited.

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

a. Details of technology imported:

No new R&D technology imported in 2019-20. 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 the experience of the last year. 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: Rs. 86.36 lakhs

b. Recurring Expenditure: Rs. 7.39 lakhs

c. Foreign exchange Earnings and Outgo 2019-2020:

	Amount
Foreign Exchange earned in terms of Actual Inflows (Export Sales)	Rs. 9891.58 lakhs
Subsidiary Loan Recovery	NIL
Foreign Exchange outgo in terms of Actual outflows	Rs. 322.20 lakhs
a) Professional Fees Rs. 10.49 lakhs	
b) Consumables Rs. 284.66 lakhs	
c) Currency Rs. 13.43 lakhs	
d) Insurance Rs. 10.49 lakhs	
e) Other Rs. 3.12 lakhs	

For and on behalf of Board of Directors

Place: Navi Mumbai
Date: 29th June, 2020

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

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ANNEXURE H TO DIRECTORS' REPORT

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

As on the Financial Year ended on 31st March, 2020

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

I. REGISTRATION AND OTHER DETAILS

i)	CIN	L99999MH1982PLC026191
ii)	Registration Date	22 nd January, 1982
iii)	Name of the Company	Pradeep Metals Limited
iv)	Category/Sub-category	Company having Share Capital
v)	Address of the Registered office	R-205, MIDC, TTC Industrial Area, Rabale, Navi Mumbai 400
vi)	and contact details Whether listed Company	701. Contact Person:Ms. Nivedita Nayak– Company Secretary & Compliance Officer Email: investors@pradeepmetals.com Tel no.: +91 -22-27691026 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: Mr. Ajay Jadhav – Team Leader – Investor Relations Registry Email: ajay.jadhav@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	36.75
2	Components for Valves	29121	34.60

*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	57.74%	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)

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 st April, 2019				Shareholding at the end of the year - 31 st March, 2020				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(A)	Shareholding of Promoter and Promoter Group									
[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	99,72,542	0	99,72,542	57.7449	0.0000
	Sub Total (A)(1)	1,24,68,869	0	1,24,68,869	72.1996	1,24,68,869	0	1,24,68,869	72.1996	0.0000
[2]	Foreign									
(a)	Individuals (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)									
	Sub Total (A)(2)	0	0	0	0.0000	0	0	0	0.0000	0.0000
	Total Shareholding of Promoter and Promoter Group(A)=(A)(1)+(A)(2)	1,24,68,869	0	1,24,68,869	72.1996	1,24,68,869	0	1,24,68,869	72.1996	0.0000
(B)	Public Shareholding									
[1]	Institutions									
(a)	Mutual Funds/UTI	0	1,100	1100	0.0064	0	1100	1100	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	4100	0.0237	0	4100	4100	0.0237	0.0000
(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)									
	Sub Total (B)(1)	0	5,200	5,200	0.0301	0	5,200	5,200	0.0301	0.0000
[2]	Central Government/State Government(s)/President of India	0	0	0	0.0000	0	0	0	0.0000	0.0000
	Sub Total (B)(2)	0	0	0	0.0000	0	0	0	0.0000	0.0000

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Sr No	Category of Shareholders	Shareholding at the				Shareholding at the				% Change during the year
		beginning of the year - 1 st April, 2019				end of the year - 31 st March, 2020				
		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.	14,88,651	2,36,820	17,25,471	9.9911	14,85,014	2,19,820	17,04,834	9.8717	-0.1194
(ii)	Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	11,27,126	1,92,400	13,19,526	7.6406	13,29,621	0	13,29,621	7.6990	0.0584
(b)	NBFCs registered with RBI	1,502	0	1,502	0.0087	0	0	0	0.0000	-0.0087
(d)	Overseas Depositories(holding DRs) (balancing figure)	0	0	0	0.0000	0	0	0	0.0000	0.0000
(e)	Any Other (Specify)									
	IEPF	2,92,317	0	2,92,317	1.6926	3,11,712	0	3,11,712	1.8049	0.1123
	Trusts	1,000	0	1,000	0.0058	1,000	0	1,000	0.0058	0.0000
	Hindu Undivided Family	1,67,684	0	1,67,684	0.9710	1,44,006	0	1,44,006	0.8339	-0.1371
	Non Resident Indians (Non Repat)	23,295	0	23,295	0.1349	22,660	0	22,660	0.1312	-0.0037
	Other Directors	6,93,622	0	6,93,622	4.0163	6,88,612	0	6,88,612	3.9873	-0.0290
	Non Resident Indians (Repat)	1,95,902	53,400	2,49,302	1.4436	2,37,188	47,000	2,84,188	1.6456	0.2020
	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	10,339	0	10,339	0.0599	1,543	0	1,543	0.0089	-0.0510
	Bodies Corporate	69,673	12,200	81,873	0.4741	72,055	5700	77,755	0.4502	-0.0239
	Sub Total (B)(3)	40,71,111	7,24,820	47,95,931	27.7703	42,93,411	5,02,520	47,95,931	27.7703	0.0000
	Total Public Shareholding (B)=(B)(1)+(B)(2)+(B)(3)	40,71,111	7,30,020	48,01,131	27.8004	42,93,411	5,07,720	48,01,131	27.8004	0.0000
	Total (A)+(B)	1,65,39,980	7,30,020	1,72,70,000	100.0000	1,67,62,280	5,07,720	17,27,0,000	100.0000	0.0000
(C)	Non Promoter - Non Public									
	(C1) Shares Underlying DRs									
[1]	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
	Total (A)+(B)+(C)	1,65,39,980	7,30,020	1,72,70,000	100.0000	1,67,62,280	5,07,720	1,72,70,000	100.0000	0.0000

ii) Shareholding of Promoters

Sr No	Shareholder's Name	Shareholding at the beginning of the year 1 st April, 2019			Shareholding at the end of the year 31 st March, 2020			% 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	57.745	0.0000	99,72,542	57.745	0.0000	0.0000
2	Pradeep 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
	Total	12,468,869	72.1996	0.0000	1,24,68,869	72.1996	0.0000	0.0000

*In previous year, S. V Shah Constructions Services Private Limited was amalgamated with Rabale Engineering (India) Private Limited. Post Amalgamation, Rabale Engineering (India) Private Limited changed its name to Nami Capital Private Limited. Updation of demat account with bank is in process.

iii) Changes in Promoter's Shareholding

Sr No.		Shareholding at the beginning of the year - 1 st April, 2019		Transactions during the year		Cumulative Shareholding at the end of the year - 31 st March, 2020	
	Name & Type of Transaction	NO.OF SHARES HELD	% OF TOTAL SHARES OF THE COMPANY	REASON	NO. OF SHARES	NO OF SHARES HELD	% OF TOTAL SHARES OF THE COMPANY
				NIL			

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 st April, 2019		Transactions during the year		Cumulative Shareholding at the end of the year 31 st March, 2020	
		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	Dr. Kewal Krishan Nohria					6,74,000	3.903
	Market Buy	6,74,000	3.903	14.02.2020	4,006	6,78,006	3.926
	AT THE END OF THE YEAR					6,78,006	3.926
2	Investor Education and Protection Fund Authority Ministry of Corporate Affairs	2,92,317	1.693			2,92,317	1.693
	Transfer			25.10.2019	18,800	3,11,117	1.802
	Transfer			01.11.2019	595	3,11,712	1.805
	AT THE END OF THE YEAR					3,11,712	1.805
3	Sudhir Golecha N	2,35,244	1.362			2,35,244	1.362
	AT THE END OF THE YEAR					2,35,244	1.362
4	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
5	Madhusudan N Sarda	1,92,400	1.114			1,92,400	1.114
	AT THE END OF THE YEAR					1,92,400	1.114
6	Indur Kirpalani	1,32,331	0.766			1,32,331	0.766
	Market Buy			30.08.2019	21,000	1,53,331	0.888
	Market Buy			27.09.2019	20,000	1,73,331	1.004
	AT THE END OF THE YEAR					1,73,331	1.004
7	Kalpana Golecha S	1,44,436	0.836			1,44,436	0.836
	AT THE END OF THE YEAR					1,44,436	0.836
8	Rakesh Prem Puri	86,882	0.503			86,882	0.503
	AT THE END OF THE YEAR					86,882	0.503
9	Laxmi Devi Madangopal Damani	74,183	0.430			74,183	0.430
	AT THE END OF THE YEAR					74,183	0.430
10	Savita Aggarwal	50,000	0.290			50,000	0.290
	AT THE END OF THE YEAR					50,000	0.290

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v) Shareholding of Directors and Key Managerial Personnel

Sr. No.	Name	Shareholding		Date	Increase/ Decrease in Share-holding	Reason	Cumulative Shareholding at the end of the year (31 st March, 2020)	
		No. of shares at the Beginning (1 st April, 2019)/end of the year (31 st March, 2020)	% of total shares of the Company				No. of Shares	% of total shares of the Company
DIRECTORS/KEY MANAGERIAL PERSONNEL								
1	Mr. Pradeep Goyal	15,76,400 15,76,400	9.13 9.13	01.04.19 31.03.20	- -	No movement during the year	15,76,400	9.13
2	Mrs. Neeru P.Goyal	9,19,927 9,19,927	5.32 5.32	01.04.19 31.03.20	- -		9,19,927	5.32
3	Mr. Omprakash Agarwal*	10,622 1,606	0.06 0.009	01.04.19 31.03.20	(9,016)	Market Sale	1,606	0.009
4	Dr. Kewal Krishan Nohria	6,74,000 6,78,006	3.90 3.93	01.04.19 31.03.20	4,006	Market Purchase	6,78,006	3.93
5	Mr. Suresh G. Vaidya	- -	- -	01.04.19 31.03.20	- -	No movement during the year	-	-
6	Mr. Jayavardhan Dhar Diwan	- -	- -	01.04.19 31.03.20	- -		-	-
7	Mr. Kartick Maheshwari	- -	- -	01.04.19 31.03.20	- -		-	-
8	Ms. Nandita Nagpal Vohra	- -	- -	01.04.19 31.03.20	- -		-	-
9	Ms. Kavita Ojha	135 65	0.00 0.00	01.04.19 31.03.20	(70)	Market Sale	65	0.00
10	Ms. Nivedita Nayak	- -	- -	01.04.19 31.03.20	- -	No movement during the year	-	-

*Ceased to be Director Consequent to his death on 15th November, 2019

V. INDEBTEDNESS

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

(Rupees in lakhs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year (01.04.2019)				
i) Principal Amount	7,859.20	-	-	7,859.20
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	5.35	-	-	5.35
TOTAL (i+ii+iii)	7,864.55	-	-	7,864.55
Change in Indebtedness during the Financial year				
Addition	287.08	-	-	287.08
Reduction	(2,024.33)	-	-	(2,024.33)
Net Change	(1,737.25)	-	-	(1,737.25)
Indebtedness at the end of the financial year (31.03.2020)				
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
TOTAL (i+ii+iii)	6,126.15	-	-	6,126.15

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VI. REMUNERATION TO DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Director and/or Manager

(Rupees 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		100.00	100.00
	b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961		16.86	16.86
	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
	TOTAL(A)		141.86	141.86
	Ceiling as per the Act	5% (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 10 th August, 2019).		

B. Remuneration to other Directors:

(Rupees in lakhs)

Particulars of Remuneration	Name of Directors							Total Amount
	Kewal Krishan Nohria	Nandita Nagpal Vohra	Suresh G. Vaidya	Omprakash Agarwal*	Jayavardhan Dhar Diwan	Neeru P. Goyal	Kartick Maheshwari	
Independent Directors								
-Fee for attending Board/ Committee meetings	-	1.50	3.00	-	2.75	-	2.25	
Commission	-	1.25	1.25	-	1.25	-	1.00	
Others	-	-	-	-	-	-	-	
TOTAL (1)	-	2.75	4.25	-	4.00	-	3.25	
Other Non- Executive Directors								
- Fee for attending Board/ Committee meetings	2.25	-	-	0.25	-	1.25	-	
- Commission	1.00	-	-	0.25	-	-	-	
-Others	-	-	-	-	-	-	-	
TOTAL (2)	3.25	-	-	0.50	-	1.25	-	
GRAND TOTAL (1+2)	3.25	2.75	4.25	0.50	4.00	1.25	3.25	19.25
Total Managerial Remuneration (A+B)	161.11							
Overall Ceiling as per the Act	6% (5% + 1% of Net Profit of the Company calculated as per section 198 of Companies Act, 2013)							

* Ceased to be Director Consequent to his death on 15th November, 2019

C. Remuneration to Key Managerial Personnel other than MD/Manager/WT

(Rupees in lakhs)

Sr. No	Particulars of Remuneration	Name of Personnel other than MD/WT/ Manager		Total Amount
		Kavita Choubisa Ojha (Chief Financial Officer)	Nivedita Nayak (Company Secretary & Compliance Officer)	
1	Gross salary			
	a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	15.44	7.90	23.34
	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	-	-	-
	TOTAL	15.44	7.90	23.34

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES

The details of penalties, punishments or compounding of offences under the Companies Act, 2013 during the FY 2019-20 is as mentioned below:

Particulars	
Penalties	NIL
Punishments	NIL
Compounding of offences	The Company had applied for compounding of offence for delay in transfer of unclaimed/unpaid dividend for FY 2010-11 to IEPF, due to be credited on 3 rd September, 2018. However, the amount was credited on 12 th October, 2018 resulting into a delay of 39 days. This application of Compounding of offence was filed on suo-moto basis by the Company on 9 th August, 2019. Hearing on the matter is awaited till date by the Company.

For and on behalf of Board of Directors

Place: Navi Mumbai
Date: 29th June, 2020

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

MANAGEMENT DISCUSSION & ANALYSIS

1. GLOBAL ECONOMY

Covid-19 has triggered significant downside risks to the overall global economic outlook. According to IMF, the global economy is expected to shrink by over 3 % in 2020. The shock to the global economy from Covid-19 has been faster as well as more severe than 2008 global financial crisis or even the great depression. According to estimates from the World Trade Organization, world merchandise trade is set to plummet between 13 and 32 percent this year, depending on how quickly the Coronavirus is contained and trade can return to pre-crisis level.

Covid-19 will change the way the world works.

2. INDIAN ECONOMY

The Covid-19 pandemic has been a huge blow to India, especially since many sectors were already facing a crisis when the virus storm hit. According to experts, a steep decline in demand is a long-term worry, due to uncertainty in the post-pandemic situation. The slowdown could be in the form of supply disruptions, fall in consumption demand, and stress on the banking and financial sectors.

The Modi Government has come out with a stimulus package of 20 lakh Crores rupees called the Aatma Nirbhar Bharat Abhiyan to bring the economy back on track. This augments steps taken by RBI to enhance liquidity and cut interest rates. We hope these measures will spur growth and mitigate the effect of Covid-19.

3. BUSINESS ENVIRONMENT

The Indian Forging business is also reeling under pressure from the ongoing economic slowdown due to the Coronavirus pandemic.

According to Association of Indian Forging Industry (AIFI), the domestic forging industry is expected to utilize only 50 percent of the installed capacity due to the movement of migrant workers and massive fall in demand from the automotive industry in the upcoming months.

In the short term, the Industry is expected to face a liquidity crisis as it will incur fixed costs with little demand. However, in the long run, there is hope that Japanese and South Korean companies will shift their businesses out of China. This could also happen with European and North American companies. Opportunities in Defense sector due to Aatma Nirbhar Bharat Abhiyan could also provide an upswing.

4. BUSINESS SNAPSHOT

Pradeep Metals Limited (PML) showed healthy growth and generated 175.96 crore rupees in annual sales through its products ranging from intricate closed die stainless, alloy and carbon steel forgings as finished and semi-finished machined components. The strategy of specialization in catering to custom made and small quantity orders continues to pay dividends and has made PML the preferred supplier to its customers. PML's expertise in making deliveries in small lead times, sometimes even 2 days, helps the customers to keep low level of inventories at their end.

It currently serves 4 major industry verticals:

Instrumentation & flanges

Valve Components

General engineering

Commodity Flanges

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

PML uses state-of-the-art machinery with sophisticated tool-room equipment to manufacture its forgings and machined parts. It also employs hi-tech design and analysis software to create dies and tooling that play a key role in the production of forgings. The manufacturing plant is fully integrated with complete

facilities for inspection, testing, cutting, dies and tool making, forging, heat-treatment, finishing, machining, cleaning, surface treatment and assembly. PML continues to enhance its machining capacity and capabilities by adding CNC Turning Centers, Vertical Machining Centers (VMC) and other equipment's 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 took up the project of setting up a new machine shop within the existing plant by importing some surplus machinery from its Step-down Subsidiary namely Dimensional Machine Works, LLC, Houston (USA). 18 out of 20 machines have been installed and remaining 2 machines are getting upgraded. PML continues to upgrade its plant and equipment and infrastructure, on continuous basis. It has achieved a lean process layout by reorganizing the machinery.

PML uses its in-house metallurgical laboratory, process control, continuous improvement principles to manufacture quality products. The quality assurance systems have been approved by Global Original Equipment Manufacturers (OEMs) including nuclear grade and high-pressure equipment OEMs in Europe, USA and South East Asia. PML is certified to ISO 9001:2015 and Pressure Equipment Directive 2014/68/EU (PED). PML continues to improve its capabilities to serve highly 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, OHSAS 18001:2007, Marine & Norsok certifications, etc. which are available on the website of the Company.

5. DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

Standalone financial performance of PML is summarized below: -

(Rupees in lakhs)

Particulars	FY 2019-20	FY 2018-19	Change in %
Exports	9,891.58	9,850.96	0.41
Domestic Sales	7,041.03	7,007.70	0.48
Export Incentives	429.07	405.53	5.80
Income from Windmill	234.16	216.26	8.28
Other Income	232.78	130.27	78.68
Total Income	17,828.61	17,610.72	1.24
EBITDA	3,092.38	2,815.93	9.82
Profit before Exceptional items and Taxes*	1,968.45	1,678.26	17.29
Profit after Exceptional items but before Taxes*	1,698.45	1,678.26	1.20
Profit after Exceptional items and Taxes (before Other Comprehensive income)	1,288.15	1,193.88	7.90

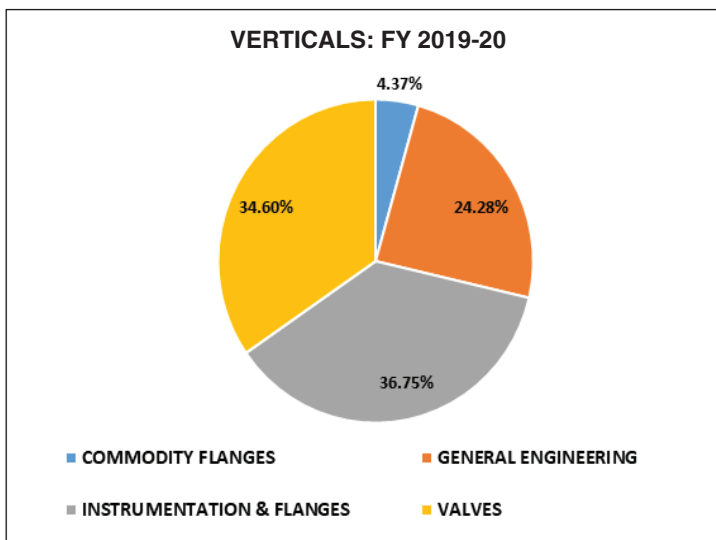
*Exceptional items represent provision of Rs. 270 lakhs made towards impairment in the value of investment in Pradeep Metals Limited, Inc., Houston, USA, the Wholly Owned Subsidiary.

- Total income has recorded a growth of 1.24% over the previous year. Performance would have been better but due to the sudden stoppage of production and dispatches for 15 days in the month of March, 2020 due to Covid-19 pandemic.
- Power generation and income from Windmill has recorded a growth of 8.28% over the previous year.
- Profit before Exceptional items and Taxes for the year has improved by 17.29% and Profit after Exceptional items and Taxes by 7.90%.

6. SEGMENT WISE OR PRODUCT WISE PERFORMANCE

Revenue from operations and other income during the current year comprised of 98.67 % of total income and income from wind mill is 1.33%.

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



7. KEY FINANCIAL RATIOS (Standalone)

Particular	2018-19 (Audited)	2019-20 (Audited)	Variance
Debtors turnover ratio	3.26	3.12	4%
Inventory turnover ratio	5.88	5.74	2%
Interest coverage ratio*	3.36	4.36	30%
Current Ratio	1.13:1	1.26:1	23%
Total of Liability/Networth Ratio	1.23:1	0.83:1	32%
Operating Profit Margin %	13.57%	14.68%	8%
Net Profit Margin%®	6.67%	9.26%	16%
Return on Networth %®	18.23%	22.19%	2%

* Interest includes finance cost and bank charges.

®Prior to provision of Rs. 270.00 lakhs for Exceptional items.

Financial ratios have improved due to better performance of the Company in view of strict financial discipline and control over cost and expenses and ploughing back of the earnings and improved financial health of the Company. Considering the Covid-19 impact on market conditions and expected demand, provision for impairment in the value of investment in the WOS amounting to Rs. 270.00 lakhs is made in the standalone financial results as exceptional item.

Due to Covid-19, experts and agencies are predicting an adverse affect on industry and the relevant market. However, PML has been able to maintain its credit rating by CRISIL Limited at 'BBB-/Stable (Reaffirmed)' as on 9th April, 2020 due to the performance of the Company, promoters' extensive experience in the industry and established relations with customers.

The current ratio has improved from 1.13:1 to 1.26:1, due to improvement in liquidity of PML. Its operating profit margin has also improved from 13.57% in FY 2018-19 to 17.57% in FY 2019-20 due to increase in higher composition of machined components in the product mix and better cost control measures.

8. FUTURE OUTLOOK

Covid-19 has presented new challenges. However, PML's area of specialization ensures increasing demand from existing customers. New product development and targeting of new customers is a continuing process. With the PM new mantra of self-reliant India, we expect Defense sector to open up considerably and PML is gearing up to enter this area.

PML continues to add to its in-house machining capability and also to forge alliance with new machining vendors. The acquisition of 3T Hammer (75 KJ) has considerably increased the forging capacity. Covid-19 has shown the need for increased automation and this will be one of the focus point in this year.

The first Quarter of FY 2020-21 has seen lower revenues due to the lockdown, but good recovery is expected in the 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.
- Chinese companies may not be the preferred vendors in the time to come and this opens up a new market for PML.
- Recession proof as little or no dependence on Auto Industry.

Threats

- Emergence of EV market which may reduce demand for forged components
- Labour intensive process, which can get hit during pandemics like Covid-19
- Tariffs war impacting the international trade.

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. Labour Union has been very supportive of Management's efforts to implement reforms. Adequate support was available from many employees during the Covid-19.

A company is only as good as its people. Pml's philosophy is to engage with its employees at all levels. Dedication and commitment is 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 455 permanent employees as on 31st March, 2020.

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 31st March, 2020 pursuant to Regulation 34(3) and Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('the Listing Regulations') and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018 ('the Listing Amendment Regulations') in the prescribed format, is given as under:

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

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

GOVERNANCE STRUCTURE

- The Company's governance structure comprises of the Board of Directors and the Committees of Board of Directors which function on the Principles of Prompt Decision Making, Statutory Compliance, Accurate and Timely Disclosures, Transparency and Monitoring in order to create a value addition for its Stakeholders. In line with these principles, the Company has formed two tiers of Corporate Governance Structure, viz.
 - a) The Board of Directors
 - b) Committees of Board of Directors
- The Company has adopted a Code of Conduct for its Board of Directors including Independent Directors and Senior Management personnel, which is on the website of the Company. <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 (UPSI)' 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 31st March, 2020, the Company had 7 (Seven) Directors; of the Seven Directors, 1(One) is Executive Director, 6 (Six) are Non-Executive Directors, of which 4 (Four) are Independent Directors. The Chairman of the Company is also Managing Director. Except Chairman and Managing Director and Independent Directors, all other Non-Executive Directors are liable to retire by rotation.
- b. The Non-Executive Directors including Independent Directors on the Board are experienced, competent and highly renowned persons from the fields of industry, business management, finance & taxation, etc. They take active part at the Board and Committee meetings by providing

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valuable guidance and expertise to the Management on various aspects of business, policy direction, governance, compliance etc. and play critical role on strategic issues, which enhances the transparency and add value in the decision making process of the Board of Directors which ultimately leads to the success of the Company.

- c. None of the Directors on the Board of Company holds directorship in more than 7 public Companies.
- d. The Company has appointed one of its Independent Director, Mr. Jayavardhan Dhar Diwan on the Board of its material subsidiaries- Pradeep Metals Inc. Houston, USA and Dimensional Machine Works LLC, Houston, USA, pursuant to the requirements of SEBI (LODR) (Amendment) Regulations, 2018.
- e. Necessary disclosures regarding Committee positions in other public Companies as on 31st March, 2020 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. Omprakash Agarwal*	00022796	Non-Promoter	Non-Executive & Non-Independent Director
Mr. Suresh G. Vaidya	00220956	Non-Promoter	Non-Executive & Independent Director
Mr. Jayavardhan Dhar Diwan	01565319	Non-Promoter	Non-Executive & Independent Director
Mr. Kartick Maheshwari	07969734	Non-Promoter	Non-Executive & Independent Director
Ms. Nandita Nagpal Vohra	06962408	Non-Promoter	Non-Executive & Independent Director

*Ceased to be Member of the Board consequent to his death on 15th November, 2019.

- g. **Details of the Equity Shares held by the Directors of Company as on 31st March, 2020 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	6,78,006
Mr. Omprakash Agarwal*	Non-Executive & Non-Independent Director	1,606

* Ceased to be Member of the Board consequent to his death on 15th November, 2019.

- h. **Independent Directors:**

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

and Managing Director of the Company serves as an Independent Director in three listed entity.

- The maximum tenure of Independent Directors is in compliance with the Act.
- A formal letter of appointment to Independent Directors as provided in Companies Act, 2013 has been issued and disclosed on website of the Company viz. <https://www.pradeepmetals.com/corporategovernance/>

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 can suggest inclusion of any item(s) in the agenda at the Board Meeting.
- The Company held Five (5) Board Meetings during the financial year ended 31st March, 2020. 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 2019-20, information as mentioned in Schedule II Part A of the SEBI Listing Regulations has been placed before the Board for its consideration.
- The terms and conditions of appointment of Independent Directors are disclosed on the website of the Company www.pradeepmetals.com.
- In terms of Regulation 25 of the Listing Regulations and Schedule IV to the Companies Act, 2013, the Independent Directors met on 4th February, 2020, 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	15.05.2019	10.08.2019	13.11.2019	04.02.2020	29.02.2020
Boards Strength	8	8	8	7	7
No. of Directors Present	8	7	7	5	7

The Company Secretary acted as a 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	5/5	Present	3	NIL	6	3	UPL Limited- Independent Director Uniphos Enterprises Ltd- Independent Director Hind Rectifiers Ltd- Independent Director
Mrs. Neeru P. Goyal	5/5	Present	NIL	NIL	NIL	NIL	NIL

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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**	
Dr. Kewal Krishan Nohria	5/4	Present	4	NIL	2	1	NIL
Mr. Omprakash Agarwal#	3/1	Absent	NIL	NIL	NIL	NIL	NIL
Mr. Suresh G. Vaidya	5/5	Present	1	NIL	1	NIL	The Victoria Mills Limited- Independent Director
Mr. Jayavardhan Dhar Diwan	5/5	Present	1	NIL	2	2	SNL Bearings Limited- Independent Director
Mr. Kartick Maheshwari	5/4	Present	NIL	NIL	NIL	NIL	NIL
Ms. Nandita Nagpal Vohra	5/5	Present	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.*
- *# Ceased to be Member of the Board consequent to his death on 15th November, 2019.*
- *None of the Directors is related to each other except Mr. Pradeep Goyal and Mrs. Neeru P. Goyal, who are related as husband-wife.*
- *NA- Not Applicable.*

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

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 Goyal	✓	✓	✓	✓	✓		
Mr. Suresh Vaidya	✓	✓	✓	✓	✓	✓	
Mr. Jayavardhan Dhar Diwan	✓	✓	✓	✓	✓	✓	✓
Mr. Kartick Maheshwari	✓	✓	✓			✓	✓
Ms. Nandita Nagpal Vohra	✓	✓	✓	✓	✓	✓	✓
Mr. Omprakash Agarwal *	-	-	-	-	-	-	-

* Ceased to be Director consequent to his death on 15th November, 2019

m. Details of familiarization programme of the Independent Directors:

During the FY 2019-20, the Company had organized one in-house familiarization program for the Independent Directors, details of which are as under:

Date of Programme	Area Covered	Duration
10 th August, 2019	Amendments related to CSR under the provisions of Companies Act, 2013.	1 hour

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

Name of the Director	Dr. Kewal Krishan Nohria	Mr. Pradeep Goyal	Mr. Abhinav Goyal
Director Identification Number	00060015	00008370	0008786430
Date of Birth	10.01.1932	20.11.1955	17.08.1084
Date of Appointment/ Reappointment	14.08.2018 (Date of last re-appointment)	17.12.2017 (Date of last re-appointment)	25.09.2020 (Date of appointment)
Nationality	Indian	Indian	American
Qualification	B.E. (Elect), D. Litt from BHU	B. Tech (Metallurgy) from Indian Institute of Technology Kanpur	Bachelor of Science (Computer Engineering) from California Polytechnic State University and M.B.A. from Cornell University, USA

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Expertise in specific functional areas	Technical and Management Expert with rich and prudent experience in Electrical and Electronics Industry	Metallurgy and Engineering Industry	Business Development and Technology
No. of shares held in the Company	6,78,006	15,76,400	NIL
Directorships held in other Listed Companies (excluding Foreign Companies)	NIL	<ul style="list-style-type: none"> ▪ Uniphos Enterprises Limited ▪ UPL Limited ▪ Hind Rectifiers Limited 	NIL
Chairperson/Members of the Committee of the Board of Directors of the Company (includes only Audit Committee and Stakeholders' Relationship Committee)	Member of Audit Committee, Stakeholder Relationship Committee	NIL	NIL
Chairman/Member of the Committee of the Board of Directors of other Public Listed Companies (includes only Audit Committee and Stakeholders' Relationship Committee)	NIL	Uniphos Enterprises Limited: Chairman – Audit Committee and Stakeholders Relationship Committee Hind Rectifiers Limited: Member – Audit Committee and Stakeholders Relationship Committee UPL Limited: Member – Audit Committee, Chairman of Stakeholders Relationship Committee	NIL
Relationship with other Directors	NIL	Husband of Mrs. Neeru P. Goyal, Director and belongs to the Promoter Group	Son of Mr. Pradeep Goyal and Mrs. Neeru P. Goyal, Directors and belongs to the Promoter Group
No. of Board Meetings attended/Number of Meetings held	4/5	5/5	N.A.

3. COMMITTEES OF THE BOARD

The Board has Four Committees as on 31st March, 2020: 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. Omprakash Agarwal#	-	-	Y(C) upto 15.11.2019	-
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) w.e.f. 04.02.2020	-

(C)= Chairman

Ceased to be Member of the Board consequent to his death on 15th November, 2019.

*Appointed as Member of the Committee with effect from 4th February, 2020 in place of Mr. Omprakash Agarwal.

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:

- 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;
- Reviewing with the Management the annual financial statements and auditors' report thereon before submission to the Board for approval;
- Approval or any subsequent modification of transactions of the Company with related parties;
- Scrutiny of inter-corporate loans and investments;
- Evaluation of Internal Financial Controls and Risk Management Systems;
- Reviewing with the Management, performance of Statutory and Internal Auditors and adequacy of the Internal Control Systems;
- Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;

- (viii) To review the financial statements, in particular, the investments made by the unlisted subsidiaries of the Company; and
- (ix) To review the utilization of loans and/or advances from/investment by the holding company in the subsidiary exceeding rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans/advances/investments.

The Audit Committee mandatorily reviews the following:

- a. Management Discussion and Analysis of financial condition and results of operations;
- b. Statement of significant related party transactions (as defined by the Audit Committee), submitted by Management;
- c. Management letters/letters of internal control weaknesses issued by the statutory auditors;
- d. Internal Audit Reports relating to Internal Control Weaknesses;
- e. The appointment, removal and terms of remuneration of the Chief Internal Auditor, if any.
- f. Statement of deviations, if any;
 - (a) 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 (2019-20)				
	15.05.2019	10.08.2019	13.11.2019	04.02.2020	29.02.2020
Mr. Kartick Maheshwari-Chairman	Present	Present	Present	Absent	Present
Dr. Kewal Krishan Nohria	Present	Present	Present	Absent	Present
Mr. Suresh G. Vaidya	Present	Present	Present	Present	Present
Mr. Jayavardhan Dhar Diwan	Present	Present	Present	Present	Present

- Five Committee meetings were held during the financial year and the gap between two meetings did not exceed one hundred and twenty days.
- 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 a Secretary to all Audit Committee Meetings.
- All the Members of the Audit Committee except Dr. Kewal Krishan Nohria are Independent Directors.
- Chairman of the Audit Committee had attended the previous Annual General Meeting of the Company.

- 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:

- 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.
- Devise a policy on diversity of Board of Directors.
- Recommend to the Board the appointment or reappointment of Directors and whether to extend or continue the term of appointment of the Independent Director, on the basis of the report of performance evaluation.
- 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.
- 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.
- On an annual basis, recommend to the Board the remuneration payable to the Directors and oversee the remuneration to Executive Team or Key Managerial Personnel of the Company and all remuneration in whatever form payable to Senior Management.

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

Name of Director	Nomination & Remuneration Committee Meetings (2019-20)
	15.05.2019
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 a Secretary to all Nomination & Remuneration Committee Meetings.
- All the Members of the NRC except Dr. Kewal Krishan Nohria are Independent Directors.
- 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 5th January, 2017.

Remuneration of Directors

▪ Remuneration to Chairman and Managing Director/Executive Director:

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

The Nomination and Remuneration Committee makes such recommendations to the Board of Directors, as it may consider appropriate with regard to the remuneration to Chairman and Managing Director, based on the performance of the Company. In view the improved profitability of the Company during the year, the Committee recommended and the Board approved payment of Incentives of Rs. 25 lakhs to Chairman and Managing Director as Incentives for the FY2019-20 as per the terms mentioned in the Agreement executed between Pradeep Metals Limited and Mr. Pradeep Goyal, Chairman and Managing Director.

▪ Remuneration to Non- Executive/Independent Directors:

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

The Members of Company in the Annual General Meeting of Company held on 10th 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. 6.00 lakhs was paid to the Directors for the financial year 2019-20 except to the Promoter Directors of the Company. (Break up is mentioned in the below table)

An Independent Director are 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 2019-20 are given below:

(Amount in Rs.)

Name	Sitting Fees	Commission	Total
Mrs. Neeru P. Goyal	1,25,000	-	1,25,000
Dr. Kewal Krishan Nohria	2,25,000	1,00,000	3,25,000
*Mr. Omprakash Agarwal	25,000	25,000	50,000
Mr. Suresh G. Vaidya	3,00,000	1,25,000	4,25,000
Mr. Jayavardhan Dhar Diwan	2,75,000	1,25,000	4,00,000
Mr. Kartick Maheshwari	2,25,000	1,00,000	3,25,000
Ms. Nandita Nagpal Vohra	1,50,000	1,25,000	2,75,000
TOTAL	13,25,000	6,00,000	19,25,000

* Ceased to be Member of the Board consequent to his death on 15th November, 2019.

In FY 2019-20, 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 2019-20 are given below:

Name of the Director	Salary Rs.	Benefits Rs.	Incentive Pay	Total Rs.	Service Contract/Notice Period/Severance fees/Pension
Mr. Pradeep Goyal	1,00,00,000	16,86,000	25,00,000	14,186,000	Present term will expire on 16.12.2020. Shall be re-appointed for a period of 3 years i.e. from 17.12.2020 to 16.12. 2023, subject to approval of Members at the 37 th 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 Stakeholders Relationship Committee consisting of 3 Directors of which 2 are Independent Directors and 1 is Non Executive Non-Independent Director, to look into redressal of grievances of shareholders, including complaints for transfer, transmission, non-receipt of declared dividends/Annual Report etc. The Committee also looks into matters which can facilitate better investor's service and relations.

Extracts of the terms of reference:

- 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.
- Review of measures taken for effective exercise of voting rights by shareholders.
- 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.
- 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 Stakeholders Relationship Committee (SRC) and Attendance of Members:

Name of Director	Stakeholders Relationship Committee Meeting (2019-20)
	04.02.2020
Mr. Omprakash Agarwal*	-
Ms. Nandita Nagpal Vohra-Chairperson#	Present
Dr. Kewal Krishan Nohria	Absent
Mr. Suresh G. Vaidya	Present

* Ceased to be Member of the Committee consequent to his death on 15th November, 2019.

Ms. Nandita Nagpal Vohra appointed as Chairman of Committee on 4th February, 2020.

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

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Compliance officer:

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

Details of Complaints:

Number of Shareholders' Complaints received and resolved so far	Number not solved to the satisfaction of shareholders	Number of pending complaints
2	NIL	NIL

iv) CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

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

Extracts of the terms of reference:

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

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

Name of Director	Corporate Social Responsibility Committee Meetings (2019-20)
	10.08.2019
Mrs. Neeru P. Goyal - Chairperson	Present
Mr. Jayavardhan Dhar Diwan	Present
Mr. Suresh G. Vaidya	Present

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

4. SUBSIDIARY COMPANIES

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

5. GENERAL BODY MEETINGS

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

Financial Year	2016-2017	Re-appointment of Mr. Pradeep Goyal as Chairman and Managing Director of the Company and payment of remuneration for a period of 3 years w.e.f. 17 th December, 2017 to 16 th December, 2020.
Date and Time	21 st August, 2017 at 03.00 p.m.	
Venue	Monarch Banquets, Plot No. 110/111, MIDC, Rabale, Navi Mumbai – 400701	
Financial Year	2017-2018	<ol style="list-style-type: none"> 1. Re-appointment of Dr. Kewal Krishan Nohria as Non- Executive Director of Company who retired by rotation and had attained age of 75 years. 2. Approved the continuation of appointment of Mr. Omprakash Agarwal as Non- Executive Director of Company, who had attained age of 75 years. 3. Approved the continuation of appointment of Mr. Suresh Vaidya as Independent Director of Company, who had attained age of 75 years.
Date and Time	14 th August, 2018 at 3.00 p.m.	
Venue	N.K. Mehra Memorial Hall, Thane Belapur Industries Association, P-14, MIDC, Opposite Rabale Railway Station, Rabale, Navi Mumbai- 400701	
Financial Year	2018-2019	<ol style="list-style-type: none"> 1. Re-appointment of Mr. Suresh G. Vaidya as an Independent Director for Second Term. 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. 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. 4. To ratify remuneration paid to Mrs. Neha Goyal for holding office or place of profit during the financial year 2018-19. 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. 6. To approve revision in remuneration of Mr. Pradeep Goyal, Chairman and Managing Director of the Company.
Date and Time	10 th August, 2019 at 3.00 p.m.	
Venue	N.K. Mehra Memorial Hall, Thane Belapur Industries Association, P-14, MIDC, Opposite Rabale Railway Station, Rabale, Navi Mumbai- 400701	

Details of Special Resolutions put through Postal Ballot during last year along with voting pattern:

During the year under review, no resolution was passed through Postal Ballot.

Details of the Special Resolution proposed to be conducted through postal ballot:

The Company does not propose to pass any Resolution through postal ballot at the time of ensuing Annual General Meeting.

The Procedure for postal Ballot:

Not Applicable.

6. MEANS OF COMMUNICATION

Quarterly/half yearly Results:

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

Publication of quarterly/half yearly results:

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

Website Disclosures:

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

Official News Releases on Website:

All financial and other vital official news releases are also communicated to the concerned stock exchange, besides being placed on the Company's website. The Company also publishes the Annual Report and shareholding pattern on its website <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 37th General Meeting of the Members of Pradeep Metals Limited will be held through Video Conferencing / Other Audio Visual Means on 25th day of September, 2020, at 3.00 p.m.

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

b. Financial Calendar for FY 2020-21

Results for the quarter ending:	To be published:
Q1 – 30 th June, 2020	On or before 14 th August, 2020
Q2 – 30 th September, 2020	On or before 14 th November, 2020
Q3 – 31 st December, 2020	On or before 14 th February, 2021
Q4 – 31 st March, 2021	On or before 30 th May, 2021

3. Dividend Payment Date:

The Board had approved 10% Interim Dividend i.e. Re. 1 per share for Equity shares of Rs. 10 each for the FY 2019-20 on 29th February, 2020.

4. Date of Book Closure:

From 18th September, 2020 till 24th September, 2020 (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 2020-21.

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 2019-20:

Month	High Rs.	Low Rs.	Volume
April 2019	70.90	62.10	21,151
May 2019	69.65	57.45	19,086
June 2019	66.50	55.75	7,144
July 2019	64.00	51.50	3,288
August 2019	61.65	50.20	32,775
September 2019	57.95	45.55	36,222
October 2019	48.95	38.00	13,870
November 2019	49.80	37.00	19,398
December 2019	45.70	36.25	15,722
January 2020	55.00	41.20	50,046
February 2020	56.90	45.00	15,859
March 2020	52.00	25.70	31,388

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 31st March, 2020:

A. Distribution of shares according to size of holding

No of Equity Shares held	No of Shareholders	Share Amount (Rs)	% of Total Issued Amount
Upto 5000	4143	1559783	9.031
5001-10000	51	366772	2.123
10001-20000	25	337903	1.956
20001-30000	05	120903	0.700
30001-40000	05	166636	0.964
40001-50000	03	146800	0.850
50001-100000	03	201448	1.166
100001 and above	11	14369755	83.20
Total	4246	172,700,000	100.00

B. Pattern of Shareholding by categories of Shareholders

Category	No. of Shares	% of Total Shares
Promoters	12,468,869	72.1996
Mutual Funds and UTI	1,100	0.0064
Foreign Portfolio Investors	4,100	0.0237
Indian Public	3,034,455	17.5707
Non- Resident Indian (Non- Repat)	22,660	0.1312
Non- Resident Indian (Repat)	284,188	1.6456
Overseas Bodies Corporate	2,30,000	1.3318
Directors and Relatives	6,88,612	3.9873
Clearing Members	1,543	0.0089
Hindu Undivided Family	144,006	0.8339
Bodies Corporate	77,755	0.4502
Trust	1,000	0.0058
IEPF	311,712	1.8049
Total	17,270,000	100.00

12. Dematerialization of shares and liquidity:

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

Following are the details of shares held in Demat and Physical form as on 31st March, 2020:

Demat: 16539980 Equity Shares – 97.06% of Share Capital

Physical: 730020 Equity Shares – 2.94% of Share Capital

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

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

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

14. Plant Location:

Pradeep Metals Limited,

R-205, 206, 207/1, MIDC, TTC Industrial Area, Rabale,

Navi Mumbai - 400701.

15. Address for Correspondence:
Investor Correspondence:

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

As on 31st March, 2020, 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 37 (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. 10th August, 2019 on the website of the Company viz. www.pradeepmetals.com and also on the website of the Ministry of Corporate Affairs.

Amount of the unclaimed dividend, from the final dividend declared for FY 2012-13 by the Company, will be transferred to the Investor Education and Protection Fund (IEPF) on or before 8th October, 2020 along with the shares on which dividend remains unclaimed for seven consecutive years as per Section 124 of the Act.

Due to the Nationwide Lockdown consequent to the outbreak of Covid-19 as advised by Central Government, effective from 25th March 2020, the Company was unable to distribute the physical Interim Dividend Warrants amounting to Rs. 3,09,812/- (Rupees Three Lacs nine thousand Eight Hundred and Twelve only) (representing 1.79% of the total Interim Dividend amount) to such Shareholders who have not registered their Bank Account details with the Company for online payment of dividend.

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As per SEBI Circular dated 5th May, 2019, relaxation have been given to listed Companies to dispatch Dividend Warrants to the shareholders once the Postal Services are resumed. The Company shall be undertaking all possible efforts to complete the dispatch of the Dividend Warrants, as soon as possible, upon the services of printer and Postal Services resume.

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 (09.04.2020)	CRISIL Limited (08.04.2019)
Total Bank Loan facilities rated	Rs. 10,200 lakhs	Rs. 10,200 lakhs
Long-term Rating	CRISIL BBB-/Stable (Reaffirmed)	CRISIL BBB-/Stable (Upgraded from CRISIL BB+/Positive)
Short-term Rating	CRISIL A3 (Reaffirmed)	CRISIL A3 (upgraded from CRISIL A4+)

19. Other Disclosures

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

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

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 Ltd, Inc, Houston, USA). Further, there are no transactions which have potential conflict with the interest of the Company. All transactions with the Related Parties were in the ordinary course of business and at arm's length basis. The details thereof are mentioned in Form No. AOC-2 annexed to Director's Report.

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

Year 2017-18

There was no non-compliance during Financial Year 2017-18.

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 3rd September, 2018. However, the amount was credited on 12th October, 2018, resulting into delay of 39 days.
- ii) M/s. S.V. Shah Construction Services Private Limited ('S.V. Shah' – a Promoter Group Entity holding 22.03% in Pradeep Metals Limited) merged with M/s. Rabale Engineering (India) Private Limited ('Rabale' - another Promoter Group Entity holding 35.71% in Pradeep Metals Limited) vide NCLT Order dated 30th August, 2018 with effect from

1st October, 2018. This resulted into the later becoming 'Holding Company' of PML with total shareholding of 57.74%. (Post amalgamation Rabale has changed its name to Nami Capital Private Limited). The said change should have been reported in the quarterly Shareholding pattern filed for the quarter ended December, 2018; however, the same was reported in quarterly filing of March, 2019

Year 2019-20

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

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 2019-20.

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

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

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

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

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

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

Please refer to Notes 46 pertaining to "Disclosure in respect of "Foreign currency exposures" that are not hedged by derivative instruments respectively of the Standalone Financial Statement in this regard.

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

- h. **Details of utilization of funds raised through preferential allotment or qualified institutions placement as specified under Regulation 32 (7A):** Not Applicable
- i. **Company has received a certificate from 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. 21.98 lakhs for FY 2019-20.

- l. **Disclosures in relation to Sexual Harassment of Women at Work Place (Prevention, Prohibition and Redressal) Act, 2013:**

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

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

- i. **The Board**

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

- ii. **Shareholder Rights**

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

- iii. **Modified opinion(s) in audit report**

There are no modified opinions contained in the Audit report.

- iv. **Separate posts of Chairperson and Chief Executive Officer**

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

- v. **Reporting of Internal Auditor**

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

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

The Company has complied with Corporate Governance requirements specified in

Regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of the Listing Regulations.

vii. Secretarial Audit Report

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Rules made there under, M/s. Shweta Gokarn & Co., Practicing Company Secretaries, Navi Mumbai (Certificate of Practice Number: 11001) has conducted Secretarial Audit of the Company. The Secretarial Auditors' Report for the financial year ended 31st March, 2020 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 Standard

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

DECLARATION BY THE CHAIRMAN 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 1st April, 2019 to 31st March, 2020.

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

**Place: Navi Mumbai
Date: 29th June, 2020**

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

CEO/CFO CERTIFICATION

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

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

This is to certify that:

- A. We have reviewed financial statements and the cash flow statement for the year ended 31st March, 2020 and that to the best of our knowledge and belief:
1. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
 2. These statements together present a true and fair view of the Company's affairs and are in compliance with the existing accounting standards, applicable laws and regulations.
- B. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the period which are fraudulent, illegal or in violation of the Company's code of conduct.
- C. We accept responsibility for establishing and maintaining internal controls and that we have evaluated the effectiveness of internal control systems of the Company and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- D. We have indicated to the Auditors and the Audit Committee:
1. Significant changes in internal control during the quarter/year ended 31st March, 2020;
 2. Significant changes in accounting policies during the quarter/year ended 31st March, 2020 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: 29th June, 2020

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

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

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 Disclosures Requirements) (Amendment) Regulations, 2018.

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to me by the Company & its officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March, 2020 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	14/08/2018
3.	*Mr. Omprakash Agarwal	00022796	21/08/2017
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

*Ceased to be Member of the Board consequent to his death on 15th November, 2019

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: A030393B000389851

Place: Navi Mumbai

Date: 29th June, 2020

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 31st March 2020, 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 31st March 2020, and its profit including other comprehensive income, the changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

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

Emphasis of Matter

Reference is invited to note 5.2 of the notes to standalone financial statements. In view of continuing 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 31st March 2020. 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.

Our opinion is not modified in respect of above matter.

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 and note 7 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 31st March 2020 and has made provision for impairment amounting to Rs. 270 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 31st March 2020, WIP value is Rs. 1,872.61 lakhs. The Company has multiple control points which are manual in nature; these controls include detailed recording of movement of WIP items, periodical physical verification and ascertainment of stage of WIP by the management.

As part of our audit procedures, we perform test verification of closing inventory and analytical test to validate the closing stock quantities and values of WIP. However, as mentioned under Other Matter paragraph, physical verification could not be done as at year end and we have relied on management for the same. Our other 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 Matter

On account of lockdown due to Covid-19, the management could not carry out physical verification of inventories as at 31st March 2020 and consequently, we also could not observe the physical verification in respect of inventories as at 31st March 2020. However, physical verification was carried out by the management during the year. We have relied upon the internal control system and performed alternate procedures to validate the existence of inventories as on 31st March 2020.

Our opinion is not modified in respect of the above matter.

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.

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- e) On the basis of the written representations received from the directors as on 31st March 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2020 from being appointed as a director in terms of Section 164 (2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B.
- g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid / provided by the Company to its directors for the year ended 31st March 2020 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 37(A)(c), 37(A)(d) and 37(B) to the standalone financial statements
 - ii. The Company did not have any long term contract including derivative contract for which there are any material foreseeable losses.
 - iii. According to the information and explanations given to us and on the basis of our examination of records of the Company, there 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: 20103286AAAACJ1322

Place: Mumbai

Date : 29th June, 2020

Annexure A to Independent Auditors' Report for the year ended 31st March 2020

[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 during the 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 material discrepancies were noticed on such verification.
- c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company which have been verified from photocopies of the agreements since the original documents are deposited with banks against credit facilities granted by them 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.
- iii. The Company had granted loan to one company [wholly owned subsidiary (WOS)] covered in the register maintained under Section 189 of the Companies Act, 2013 in earlier years. The Company has not granted loan to any other companies, firms, limited liability partnerships or other parties as listed in the said register during the current year.
 - (a) In our opinion, the rate of interest and other terms and conditions on which the loan had been granted to the party listed in the register maintained under Section 189 of the Act are not, *prima facie*, prejudicial to the interest of the Company.
 - (b) In respect of loan granted, repayment of principal 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 material statutory dues, as applicable to the Company, during the period with the appropriate authorities. There are no arrears of outstanding statutory dues as at 31st March 2020 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. 8,716,420 for financial years 2011-12, 2012-13, 2013-14 and 2018-19 under Income Tax Act, 1961. In respect of these demands, the Company had filed rectification application in earlier years seeking to give credit of taxes paid and 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: 20103286AAAACJ1322

Place: Mumbai

Date: 29th June, 2020

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

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

Opinion

We have audited the internal financial controls over financial reporting of **Pradeep Metals Limited** ("the Company") as of 31st March 2020 in conjunction with our audit of the standalone financial statement of the Company for the year ended on that date.

- (a) 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.
- (b) On account of lockdown due to Covid-19, the management could not carry out physical verification of inventories as at 31st March 2020.

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 31st March 2020, 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: 20103286AAAACJ1322

Place: Mumbai

Date: 29th June, 2020

Standalone Balance Sheet as at 31st March 2020

(Rupees in lakhs)

Particulars	Note No.	As at 31st March 2020	As at 31st March 2019
ASSETS			
I. Non-current assets			
Property, plant and equipment	4.1	5,139.27	4,691.87
Right of use assets	4.2	132.64	-
Capital work-in-progress	4.6	194.77	658.69
Other Intangible assets	4.1	350.62	58.15
Intangible assets under development	4.7	-	431.74
Investment in subsidiary (at cost)	5	609.10	879.10
Financial assets			
(i) Investments-Others	6	0.05	0.05
(ii) Loans	7	189.16	172.89
(iii) Other non-current financial assets	8	50.66	54.94
Income tax assets (net)		86.57	178.36
Other non-current assets	9	351.47	385.03
		7,104.31	7,510.82
II. Current assets			
Inventories	10	2,952.00	3,178.44
Financial assets			
(i) Trade receivables	11	5,379.31	5,908.08
(ii) Cash and cash equivalents	12	3.38	43.59
(iii) Bank balances other than (ii) above	12	33.29	32.25
(iv) Loans	13	6.66	8.28
(v) Other current financial assets	14	296.89	630.60
Other current assets	15	141.46	266.76
		8,812.99	10,068.00
TOTAL ASSETS		15,917.30	17,578.82
EQUITY AND LIABILITIES			
III. Equity			
Equity share capital	16	1,727.00	1,727.00
Other equity		5,613.50	4,671.03
TOTAL EQUITY		7,340.50	6,398.03
LIABILITIES			
IV. Non-current liabilities			
Financial liabilities			
(i) Borrowings	18	1,036.91	1,507.98
(ii) Lease liabilities	38	69.87	-
Provisions	19	26.97	74.36
Deferred tax liabilities (net)	20	446.30	460.87
		1,580.06	2,043.21
V. Government grant pending apportionment to profit & loss		-	214.00
VI. Current liabilities			
Financial liabilities			
(i) Borrowings	21	4,266.86	5,523.99
(ii) Trade payable	22		
- Due to micro and small enterprises		24.21	35.72
- Due other than to micro and small enterprises		992.08	1,604.49
(iii) Lease liabilities	38	27.50	-
(iv) Other current financial liabilities	23	1,453.54	1,455.75
Other current liabilities	24	66.95	42.12
Provisions	25	162.77	201.96
Current tax liabilities (net)		2.84	59.55
		6,996.75	8,923.58
TOTAL LIABILITIES		8,576.81	11,180.79
TOTAL EQUITY & LIABILITIES		15,917.30	17,578.82
Significant accounting policies & other notes	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 Moday

Partner

Membership No. 103286

**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 Ojha

Chief Financial Officer

Place: Mumbai

Date: 29th June, 2020

37th ANNUAL REPORT 2020

Standalone Statement of Profit and Loss for the year ended 31st March 2020

(Rupees in lakhs)

Particulars	Note No.	Year ended 31st March 2020	Year ended 31st March 2019
INCOME			
Revenue from operations	26	17,595.83	17,480.45
Other income	27	232.78	130.27
Total Income		17,828.61	17,610.72
EXPENSES			
Cost of material consumed	28	7,974.22	8,232.86
Changes in inventories of work-in-progress, finished goods and scrap	29	(173.19)	(160.89)
Manufacturing expenses	30	3,675.07	3,526.72
Employee benefit expenses	31	2,158.24	1,972.79
Finance costs	32	614.72	693.86
Depreciation and amortization expense	4.1	509.21	443.81
Other expenses	33	1,101.89	1,223.31
Total Expenses		15,860.16	15,932.46
Profit before exceptional items and tax		1,968.45	1,678.26
Less: Exceptional items	34	270.00	-
Profit before tax		1,698.45	1,678.26
Tax expense			
- Current tax	20	483.68	490.46
- Deferred tax charge/(credit)	20	(45.15)	1.65
- Income tax and deferred tax of earlier years (net)	20	(28.24)	(7.73)
		410.29	484.38
Profit for the year (A)		1,288.15	1,193.88
Other Comprehensive Income			
(i) Items that will not be reclassified to profit or loss			
- Remeasurement gain/(losses) on defined benefit plans		94.53	(38.58)
(ii) Income tax relating to items that will not be reclassified to profit or loss		(23.79)	11.13
Total (1)		70.74	(27.45)
(i) Items that will be reclassified to profit or loss		-	-
(ii) Income tax relating to items that will be reclassified to profit or loss		-	-
Total (2)		-	-
Other Comprehensive Income (1+2) (B)		70.74	(27.45)
Total Comprehensive Income (A+B)		1,358.90	1,166.43
Earnings per equity share			
(a) Basic (Face value of Rs. 10 each)		7.46	6.91
(b) Diluted (Face value of Rs. 10 each)		7.46	6.91
Significant accounting policies & other notes	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: 29th June, 2020

**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 Ojha

Chief Financial Officer

Standalone Cash Flow Statement for the financial year ended 31st March 2020

(Rupees in lakhs)

Particulars	Note	2019 - 2020		2018 - 2019	
		Rupees	Rupees	Rupees	Rupees
A. CASH FLOW FROM OPERATING ACTIVITIES					
Net profit/(loss) before taxation			1,698.45		1,678.26
Adjustments for:					
Depreciation and amortization (net)		509.21		443.81	
Allowance for doubtful debts/other current assets utilised (net)		0.28		(0.50)	
Allowance for doubtful advance		1.95		1.36	
Allowance for contingency written back		-		(1.74)	
Unrealised foreign exchange (gain)/loss (net)		(56.11)		(51.12)	
(Profit)/loss on sale of fixed asset (net)		66.58		(3.67)	
Impairment in the value of investment (exceptional item)		270.00		-	
Interest expenses		614.72		693.86	
Interest income		(37.80)		(30.37)	
			1,368.83		1,051.63
Operating profit before changes in assets and liabilities			3,067.28		2,729.89
Movements in working capital : [Current and Non-current]					
(Increase)/decrease in other assets and other financial assets		492.80		33.37	
(Increase)/decrease in inventories		226.44		(413.66)	
(Increase)/decrease in trade receivable		798.81		(1,081.18)	
Increase/(decrease) in trade payable, other liabilities, provisions and other financial liabilities		(529.79)	988.26	343.45	(1,118.02)
			4,055.54		1,611.87
Adjustment for:					
Direct taxes paid [including tax deducted at source](net of refund)			(448.38)		(461.40)
Net cash generated/(used in) from operating activities...(A)			3,607.16		1,150.47
B. CASH FLOW FROM INVESTING ACTIVITIES					
Purchase of fixed assets (tangible/intangible) (Including capital advances and work in progress)		(656.42)		(1,149.42)	
Sale of fixed asset		1.28		8.96	
(Increase)/decrease in other bank balances and non-current assets [Other than cash and cash equivalent]		(1.04)		5.76	
Loan to wholly owned subsidiary (given)/received		-		65.18	
Interest received		37.80		30.37	
		(618.38)		(1,039.13)	
Adjustment for:					
Less: Direct taxes paid [including tax deducted at source]		(3.78)		(0.36)	
Net cash generated/(used in) from investing activities...(B)			(622.16)		(1,039.49)
C. CASH FLOW FROM FINANCING ACTIVITIES					
Proceeds from long term borrowing		315.58		523.67	
Repayment of long term borrowing		(874.97)		(722.95)	
Repayment of lease liabilities		(24.90)		-	
Increase/(decrease) in working capital loan (Net)		(1,408.65)		699.12	
Dividend paid (Including dividend distribution tax)		(416.40)		-	
Interest paid on loans		(615.86)		(687.23)	
Net cash generated/(used) from financing activities...(C)			(3,025.20)		(187.39)
Net increase/(decrease) in cash and cash equivalents...(A + B + C)			(40.20)		(76.41)
Cash and cash equivalents at the beginning of the year	12 & 53	43.59		120.00	
Cash and cash equivalents at the end of the year		3.38		43.59	
Net increase/(decrease) in cash and cash equivalents			(40.20)		(76.41)
Significant accounting policies & other notes	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: 29th June, 2020

**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 Ojha

Chief Financial Officer

Statement of changes in equity for the year ended 31st March 2020

(Rupees in lakhs)

Particulars	Equity share capital	Reserves and surplus (A)		Other Comprehensive Income (B)	Total other equity (A+B)
		Security Premium (refer note 17)	General reserves		
for the year ended 31st March 2019					
Balance at 1st April 2018	1,727.00	515.98	211.60	(32.28)	3,504.60
Profit for the year	-	-	-	-	1,193.88
Remeasurements gains/(loss) on defined benefit plan	-	-	-	(27.45)	(27.45)
Balance as at 31st March 2019	1,727.00	515.98	211.60	(59.73)	4,671.03
for the year ended 31st March 2020					
Balance at 1st April 2019	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
Transaction with owners in their capacity as owners					
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
Balance as at 31st March 2020	1,727.00	515.98	211.60	11.00	5,613.50
Significant accounting policies & other notes			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: 29th June, 2020

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 Ojha

Chief Financial Officer

Notes on standalone Ind AS financial statements for the year ended 31st March, 2020

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 29th June, 2020.

2. Basis of preparation

2.1. Statement of compliance with Ind AS

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

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

2.2. Functional and presentation currency

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

2.3. Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal market or the most advantageous market must be accessible to the Company.

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

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

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

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

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

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for 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”.

2.4. Use of significant accounting estimates, judgements and assumptions

The preparation of these financial statements in conformity with the recognition and measurement principles of Ind AS requires management to make estimates and assumptions that affect the reported balances of assets and liabilities, disclosure of contingent liabilities as on the date of financial statements and reported amounts of income and expenses for the periods presented. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are 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) During the year, the Company has recognized “Rights of use” of assets as per 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
Furniture & fittings	10 Years
Motor Vehicles	8 Years
Windmill	22 Years

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

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

De-recognition

An item of property, plant and equipment and any significant part initially 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

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

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

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

Scrap is valued at net realizable value.

3.6. Revenue recognition

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

- Revenue from operation
 - ❖ The Company 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. Amounts disclosed as revenue are exclusive of excise duty (wherever applicable) and net of VAT, Service Tax (wherever applicable) and Goods and Service Tax (GST), discounts and other rebates etc.
 - ❖ Sale of goods is 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 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 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 Company's right to receive the payment is established, which is generally when shareholders/board of directors approve the dividend as applicable.
- ❖ Interest income is 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.

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).

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

3.10. Employee benefits

- Short term employee benefits

All employee benefits falling due wholly within twelve months of rendering the service are classified as short term employee benefits and they are 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. Borrowing cost

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

3.12. Leases

Policy applicable from 1st April, 2019

The Company has applied Ind AS 116 - "Leases" from 1st April, 2019 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under Ind AS 17 - "Leases".

Right-of use assets were measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognized in the standalone balance sheet as at 31st March, 2019. The details of the changes in accounting policies are disclosed in note 4.2 and 38 of the standalone financial statements.

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.

Policy applicable before 1st April, 2019

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

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

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

3.13. Taxes on income

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

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

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are 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.

3.14. Cash and cash equivalent

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

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

3.15. Cash flow statement

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

3.16. Provisions, contingent liabilities, contingent assets

A provision is 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.

3.17. Earnings per share

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

Diluted earnings per share is computed using the net profit for the year attributable to the shareholder' and weighted average number of equity and potential equity shares outstanding during the year including share options, convertible preference shares and debentures, except where the result would be anti-dilutive.

3.18. Financial instruments

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

3.18.1. 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.

3.18.2. Financial liability and equity instrument**Classification as debt or equity**

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

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are 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 18.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the 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.

3.19. New Ind AS & amendments to existing Ind AS issued but not effective as at 31st March 2020

Ministry of Corporate Affairs has not notified new standards or amendments to the existing standards which would have been effective from 1st April, 2020.

Notes on standalone financial statements for the financial year ended 31st March 2020

4 Property, plant & equipment and intangible assets

4.1 Property, plant & equipment and intangible assets as at 31st Mar 2020

(Rupees in lakhs)

Particulars	Gross block			Depreciation/amortization		Net block	
	As at 1st April 2019	Additions	Deductions	As at 31st March 2020	For the year	On deductions	As at 31st March 2020
Property, plant & equipment (Tangible assets)							
Freehold land	56.70	-	-	56.70	-	-	56.70
Factory buildings (Refer note 4.5)	1,488.07	240.00	-	1,728.07	57.58	-	1,546.15
Plant and machinery	1,760.35	678.99	22.80	2,416.53	225.39	21.65	1,712.29
Microwave Machinery (R & D)	149.10	-	-	149.10	-	-	-
Wind mill	1,246.22	-	-	1,246.22	56.26	-	1,022.77
Electrical installation	88.03	5.97	4.17	89.84	7.55	3.77	62.63
Office equipment	5.43	1.53	1.14	5.82	1.46	1.08	4.74
Computers	27.53	8.44	4.90	31.07	6.91	4.83	20.61
Furniture and fixtures	66.17	4.43	2.92	67.68	7.09	2.62	49.20
Vehicles	91.96	0.22	0.35	91.83	11.67	0.16	45.19
Dies	1,014.59	42.02	103.72	952.89	93.00	38.04	618.43
Sub-total (A)	5,994.15	981.60	140.01	6,835.75	466.90	72.15	5,139.27
Intangible assets							
Software (Other than internally generated)	87.45	0.74	-	88.19	12.26	-	46.63
Microwave Composite Heating Furnace (SDF) (Refer note 4.1.a below)	-	304.10	-	304.10	0.11	-	303.99
Sub-total (B)	87.45	304.84	-	392.29	12.37	-	350.62
Total [(A) + (B)]	6,081.60	1,286.45	140.01	7,228.04	479.27	72.15	5,489.89

Note 4.1.a - During the year, the Company has 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.

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4.2 Right of use asset (Refer note 39)

(Rupees in lakhs)

Particulars	Building	Leasehold Land	Total
Gross carrying value			
Balance as at 31st March, 2018	-	-	-
Additions in 2018-2019	-	-	-
Deletions in 2018-2019	-	-	-
Balance as at 31st March, 2019	-	-	-
Reclassification in 2019-20 (refer note 39)	-	55.81	55.81
Additions in 2019-2020	122.27	-	122.27
Deletions in 2019-2020	-	-	-
Balance as at 31st March, 2020	122.27	55.81	178.08
Accumulated amortization			
Balance as at 31st March, 2018	-	-	-
Charge for the year 2018-2019	-	-	-
Deletions in 2018-2019	-	-	-
Balance as at 31st March, 2019	-	-	-
Reclassification in 2019-20 (refer note 39)	-	15.50	15.50
Charge for the year 2019-2020	29.35	0.60	29.94
Deletions in 2019-2020	-	-	-
Balance as at 31st March, 2020	29.35	16.09	45.44
Net carrying amount			
Balance as at 31st March, 2019	-	-	-
Balance as at 31st March, 2020	92.93	39.71	132.64

4.3 Depreciation

(Rupees in lakhs)

	2019-20	2018-19
Depreciation as per table 4.1 and 4.4	479.27	481.08
Depreciation as per table 4.2	29.94	-
Less: Depreciation allocated to intangible assets under development	-	37.27
Net depreciation as per statement of profit & loss	509.21	443.81

4.4 Property, plant & equipment and intangible assets as at 31st Mar 2019

(Rupees in lakhs)

Particulars	Gross block			Depreciation/amortization			Net block
	As at 1st April 2018	Additions	Sales/ discard	For the year	On Sales/ Discard	As at 31st March 2019	As at 31st March 2019
Property, plant & equipment (Tangible assets)							
Freehold land	56.70	-	-	-	-	-	56.70
Factory buildings (Refer note 4.5)	1,419.66	68.41	-	52.85	-	124.34	1,363.73
Plant and machinery	1,581.35	215.75	36.75	195.04	33.13	500.51	1,259.84
Microwave Machinery (R & D)	149.10	-	-	37.27	-	149.10	-
Wind mill	1,234.72	11.50	-	56.31	-	167.19	1,079.03
Electrical installation	68.35	19.68	-	6.36	-	23.43	64.60
Office equipment	4.49	2.60	1.66	1.13	1.58	0.70	4.73
Computers	16.52	13.24	2.23	5.68	2.17	8.37	19.16
Furniture and fixtures	52.51	13.66	-	5.73	-	14.01	52.16
Vehicles	91.96	-	-	11.66	-	35.14	56.82
Dies	919.13	97.03	1.57	98.19	0.04	279.49	735.10
Sub-total (A)	5,594.49	441.87	42.21	469.42	36.92	1,302.28	4,691.87
Intangible assets (Other than internally generated)							
Software	84.57	2.88	-	11.66	-	29.30	58.15
Sub-total (B)	84.57	2.88	-	11.66	-	29.30	58.15
Total [(A) + (B)]	5,679.06	444.75	42.21	481.08	36.92	1,331.58	4,750.02

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

4.6 Movement of capital work in progress

(Rupees 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	236.84	162.22	-	399.06
Less: Assets capitalized/reversed during the year	625.28	237.23	0.48	862.98
Closing capital work in progress	148.05	46.72	0.00	194.77

Particulars	2018-19			
	P & M	Building	Others	Total
Opening capital work in progress	6.48	19.15	-	25.63
Add: Addition during the year	699.37	142.32	12.28	853.97
Less: Assets capitalized/reversed during the year	169.37	39.74	11.80	220.91
Closing capital work in progress	536.48	121.73	0.48	658.69

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4.7 Movement of intangible assets under development

(Rupees in lakhs)

Particulars	2019-20	2018-19
Opening intangible under development	431.74	286.21
Add: Additions during the year	86.36	145.53
Less: Reversed during the year	-	-
Less: Intangible capitalized during the year	518.10	-
Closing intangible asset under development	-	431.74

4.8 Details of direct expenses and allocated indirect expenses incurred for intangible assets under development during the financial year 2019-20

(Rupees in lakhs)

Particulars	FY 2019-20	FY 2018-19
Salary & wages	35.37	36.17
Professional fees	37.74	43.54
Repairs & maintenance expenses	0.08	2.26
Materials, stores & spares	11.39	12.76
Other expenses	1.78	13.53
Depreciation	-	37.27
Total	86.36	145.53

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

Description	Carrying amount as at (Rupees in lakhs)		Remaining useful life as at (months)	
	31-Mar-20	31-Mar-19	31-Mar-20	31-Mar-19
Epicore software	37.80	44.12	64	76
Mastercam Mill 3D Purchase	2.71	5.49	9	21
HR software	1.61	3.11	10	22
Microwave composite heating furnace (SDF)	303.99	-	84	0
Other software's	4.52	5.43	11 to 24	11 to 24

4.10 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 18.1) and in respect of foreign currency term loan of USD 2.15 million outstanding as on 31st March 2020 (Outstanding as on 31st March 2019 : USD 2.47 Million) taken by Pradeep Metals Limited, Inc. (Wholly Owned Subsidiary) in USA 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. The overdraft facility of USD 1.00 million taken by Pradeep Metals Limited, Inc. (Wholly Owned Subsidiary) against standby 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 2020

(Rupees in lakhs)

5	Investment in subsidiary (At cost, unless otherwise specified)	As at 31st March 2020	As at 31st March 2019
	Unquoted equity instruments (fully paid)		
	Investment in wholly owned subsidiary		
	Pradeep Metals Ltd Inc. USA, Houston	879.10	879.10
	200 (Previous year : 200) Shares of face value USD 25 each		
	Less-Impairment in the value of investment	270.00	-
	Total	609.10	879.10

- 5.1 Out of above, 60 Shares are pledged with Union Bank of India, Hong Kong and non - disposal undertaking is given to them in respect of balance 140 shares in connection with Foreign Currency Loan of USD 3.20 Million taken by Pradeep Metals Limited, Inc. USA (Outstanding as on 31st March 2020 - USD 2.15 Million) (Outstanding as on 31st March 2019 - USD 2.47 Million).

- 5.2 In view of continuing 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 31st March 2020. (Previous year Rs. Nil). 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.

(Rupees in lakhs)

5.3	Other disclosures of investment	As at 31st March 2020	As at 31st March 2019
	Aggregate cost of unquoted investment	879.10	879.10
	Market value of unquoted investment	-	-
	Aggregate amount of impairment in the value of investment	270.00	-

(Rupees in lakhs)

6	Investments - Others	As at 31st March 2020	As at 31st March 2019
	Non current Investment		
	Unquoted equity instruments (fully paid)		
	Equity shares at fair value through profit & loss		
	TJSB Sahkari Bank Limited	0.05	0.05
	[(100 (Previous year : 100) shares of Rs. 50 each]		
	Total	0.05	0.05

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(Rupees in lakhs)

6.1 Other disclosures of investment	As at 31st March 2020	As at 31st March 2019
Aggregate cost of unquoted investment	0.05	0.05
Market value of unquoted investment	-	-
Aggregate amount of impairment in the value of investment	-	-

(Rupees in lakhs)

7 Loans - Non-current (Unsecured, considered good unless otherwise stated)	As at 31st March 2020	As at 31st March 2019
Loans to related parties		
Loan to wholly owned subsidiary	189.16	172.89
Total	189.16	172.89

7.1 No loans and advances are due from directors or other officers of the Company either severally or jointly with any other person. Rs. 189.16 lakhs (Previous year : Rs. 172.89 lakhs) is receivable from a wholly owned subsidiary having common director.

7.2 Loans are non derivative financial assets which generate fixed interest income for the Company. The carrying value may be affected by changes in the credit risk of the counter party. (also refer note 5.2)

(Rupees in lakhs)

8 Other non-current financial assets (Unsecured, considered good unless otherwise stated)	As at 31st March 2020	As at 31st March 2019
Security deposits	50.66	54.15
Deposit with bank (under lien) having remaining maturity more than 12 months	-	0.80
Total	50.66	54.94

8.1 Bank deposits aggregating to Rs. Nil lakh (Previous year : Rs. 0.80 lakh) are under lien with bank towards guarantees issued by bank.

(Rupees in lakhs)

9 Other non-current assets (Unsecured, considered good unless otherwise stated)	As at 31st March 2020	As at 31st March 2019
Capital advances		
- Consider good	342.55	344.32
- Considered doubtful	1.36	1.36
	343.91	345.68
Less:- Allowance for bad and doubtful advances	(1.36)	(1.36)
	342.55	344.32
Prepaid expenses	8.91	0.40
Leasehold land	-	40.31
Total	351.47	385.03

(Rupees in lakhs)

10	Inventories (At lower of cost or net realisable value unless otherwise stated)	As at 31st March 2020	As at 31st March 2019
	Raw material - Steel	891.23	1,308.25
	Raw materials (Dies)	58.95	62.39
	Work-in-progress	1,872.61	1,655.79
	Finished goods in transit	-	21.43
	Stores, spares and consumables	121.19	100.38
	Scrap (At net realisable value)	8.01	30.21
	Total	2,952.00	3,178.44

(Rupees in lakhs)

11	Trade receivables (Unsecured, considered good unless otherwise stated)	As at 31st March 2020	As at 31st March 2019
	Unsecured		
	Considered good	5,379.31	5,908.08
	Considered doubtful	0.73	0.45
		5,380.04	5,908.52
	Less: Allowance for doubtful receivables	0.73	0.45
	Total	5,379.31	5,908.08

11.1 No trade receivables are due from directors or other officers of the Company either severally or jointly with any other person. Rs. 2,143.48 lakhs (Previous year : Rs. 2,212.04 lakhs) is receivable from a wholly owned subsidiary having a common director.

11.2 For details of outstanding receivables from related parties. (Refer note 40.3)

11.3 Trade receivables are non - interest bearing and are generally on terms of 30 to 270 days.

11.4 Trade receivable includes export bills aggregating to Rs.573.44 lakhs (Previous year : Rs.1,644.74 lakhs) purchased/discounted by the bank but pending realisation as on the date of the Balance Sheet & disclosed under working capital (short term borrowing). The Company has transferred the relevant receivables to the discounting bank in exchange for cash. However, the Company has retained the late payment and credit risk.

11.5 Refer note 46 for policy on expected credit loss

(Rupees in lakhs)

12	Cash and cash equivalent and other bank balances	As at 31st March 2020	As at 31st March 2019
	Cash and cash equivalent		
	Cash on hand	1.30	1.75
	Balances with banks		
	- In current accounts	2.08	16.84
	- In fixed deposits	-	25.00
	Total	3.38	43.59
	Other bank balances		
	- In fixed deposits having remaining maturity less than 12 months (refer note 12.2)	8.65	12.47
	- Earmarked balances (on unpaid dividend account) (refer note 12.3)	24.63	19.78
	Total	33.29	32.25

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12.1 Bank deposits earns interest at fixed rates.

12.2 Bank deposits aggregating to Rs. 8.65 lakhs (Previous year : Rs. 12.47 lakhs) are under lien with banks towards guarantees issued by bank.

12.3 Earmarked balance for unpaid dividend accounts includes Rs.2.74 lakhs (Previous year : Rs. Nil) for which necessary formalities were completed subsequent to year end by the bank.

(Rupees in lakhs)

13 Loans (Unsecured, considered good unless otherwise stated)	As at 31st March 2020	As at 31st March 2019
Other loans		
Loan to employees	6.66	8.28
Total	6.66	8.28

(Rupees in lakhs)

14 Other current financial assets (Unsecured, considered good unless otherwise stated)	As at 31st March 2020	As at 31st March 2019
Export incentive receivable	164.17	241.07
Sales tax refund receivable	6.12	32.51
Balance with government authorities	97.00	302.99
Amount recoverable from customers (Dies)	4.79	34.02
Recoverable from wholly owned subsidiary	8.90	17.29
Other receivables	15.87	2.48
Interest Accrued on fixed deposits	0.05	0.23
Total	296.89	630.60

14.1 Break up of financial assets carried at amortised cost

(Rupees in lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019
Loans [Refer note 7 & 13]	195.82	181.17
Other financial assets [Refer note 8 & 14]	347.55	685.54
Trade receivables [Refer note 11]	5,379.31	5,908.08
Cash & cash equivalents [Refer note 12]	3.38	43.59
Other bank balance [Refer note 12]	33.29	32.25
Total	5,959.36	6,850.63

14.2 Break up of financial assets carried at fair value through P&L

(Rupees in lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019
Investments (Refer note 6)	0.05	0.05
Total	0.05	0.05

(Rupees in lakhs)

15 Other current assets (Unsecured, considered good unless otherwise stated)	As at 31st March 2020	As at 31st March 2019
Advance to suppliers (other than capital advance)	23.90	12.78
Considered doubtful	1.95	-
	25.85	12.78
Less:- Allowance for bad and doubtful advances	1.95	-
	23.90	12.78
Prepaid expenses	86.04	84.84
Input tax credit receivable	31.52	168.54
Current portion of leasehold land	-	0.60
Total	141.46	266.76

16 Share capital
16.1 Authorised capital

(Rupees in lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019
Equity share capital		
18,500,000 (Previous year : 18,500,000) Equity Shares of Rs. 10 each	1,850.00	1,850.00
Preference share capital		
550,000 (Previous year : 550,000) Preference Shares of Rs.100 each	550.00	550.00
Total	2,400.00	2,400.00

16.2 Issued, subscribed and paid-up capital

(Rupees in lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019
Issued		
17,270,000 (Previous year : 17,270,000) Equity Shares of Rs.10 each	1,727.00	1,727.00
Issued, subscribed and paid-up		
17,270,000 (Previous year : 17,270,000) Equity Shares of Rs.10 each	1,727.00	1,727.00
Total	1,727.00	1,727.00

16.3 The Company has only one class of issued shares having a par value of Rs. 10/- per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian rupees. The dividend proposed, if any, by the Board of Directors shall be subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holder of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

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(Rupees in lakhs)

16.4 Reconciliation of number of equity shares outstanding at the beginning and at the end of the reporting year	2019-20	2018-19
Shares outstanding at beginning of the year	17,270,000	17,270,000
Shares issued during the year	-	-
Shares bought back during the year	-	-
Shares outstanding at the end of the year	17,270,000	17,270,000

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

Name of shareholder	As at 31st March 2020		As at 31st March 2019	
	Number of Shares	% of holding	Number of Shares	% of holding
Mr. Pradeep Goyal	1,576,400	9.13	1,576,400	9.13
Mrs. Neeru P. Goyal	919,927	5.33	919,927	5.33
Nami Capital Private Limited [formerly known as Rabale Engineering (I) Private Limited]*	9,972,542	57.74	9,972,542	57.74

*In previous year, S. V Shah Constructions Services Private Limited was amalgamated with Rabale Engineering (India) Private Limited. Post Amalgamation, Rabale Engineering (India) Private Limited changed its name to Nami Capital Private Limited. Updation of demat account with bank is in process.

16.6 Shares held by ultimate holding company

Name of shareholder	As at 31st March 2020		As at 31st March 2019	
	Number of Shares	% of holding	Number of Shares	% of holding
Nami Capital Private Limited	9,972,542	57.74	9,972,542	57.74

17 Securities premium

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

(Rupees in lakhs)

18 Borrowings (Non-current)	As at 31st March 2020	As at 31st March 2019
Secured		
Term loans		
From banks		
- Foreign currency loan	767.73	1,010.12
- Rupee loan	269.18	486.71
- Vehicle loan	-	11.15
Total	1,036.91	1,507.98

18.1 Details of security provided

(i) Term loans (Foreign currency loans & Rupee loans) are secured by first charge on pari passu basis on fixed assets of the Company (present and future) and second charge on current assets. The loans are further secured by personal guarantee of Chairman and Managing Director of the Company.

(ii) Vehicle loan is secured against hypothecation of the vehicle against which the loan has been taken. The loan is further secured by personal guarantee of Chairman and Managing Director and one Director of the Company.

18.2 Terms of repayment and maturity profile of the term loan is as set out below: (Rupees in lakhs)

Borrowings	As at 31st March 2020	As at 31st March 2019
Term loan X Repayable in 16 quarterly installments of Rs. 29.00 lakhs each starting from September 2017.	12.15	35.35
Working Capital Term Loan (INR) Repayable in 17 quarterly installments of Rs. 30.00 lakhs each starting from September 2017.	34.00	100.00
Term loan XII Repayable in 20 quarterly instalments of Rs. 18.00 lakhs each starting from June 2018.	171.09	231.96
Foreign currency term loan VIII Repayable in 16 quarterly instalments of Rs. 30.00 lakhs each starting from June 2016.	1.20	118.84
Foreign currency term loan IX Repayable in 21 quarterly instalments of Rs. 50.00 lakhs each starting from January 2017.	356.07	533.01
Foreign currency term loan X Repayable in 16 quarterly instalments of Rs. 29.00 lakhs each starting from September 2017.	89.25	187.86
Foreign currency term loan XI Repayable in 20 quarterly instalments (First ten instalments of Rs. 20.00 lakhs each and next ten instalments of Rs. 50.00 lakhs each) starting from April 2018.	549.53	610.22
Term loan XIII Repayable in 20 quarterly instalments of Rs. 22.50 lakhs each starting from July 2019.	224.64	178.75
Term loan XIV Repayable in 20 quarterly instalments of Rs. 16.50 lakhs each starting from Oct 2019.	22.56	113.15
Foreign currency term loan XIV Repayable in 20 quarterly instalments of Rs. 16.50 lakhs each starting from Oct 2019.	167.83	-
Foreign currency - Working Capital Term Loan Repayable in 17 quarterly instalments of Rs. 30.00 lakhs each starting from September 2017.	152.53	196.19
Term loan XV Repayable in 17 quarterly instalments of Rs. 17.70 lakhs each starting from Dec 2020.	60.84	-
Vehicle loan Repayable in 60 equated monthly instalment of Rs. 1.56 lakhs (including interest) each starting from February 2016.	13.39	29.86
Total	1,855.11	2,335.19

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(Rupees in lakhs)

19 Provisions (Non-current)	As at 31st March 2020	As at 31st March 2019
Provision for employee benefits		
- Leave benefits	26.97	47.23
- Gratuity	-	27.14
Total	26.97	74.36

20 Income & deferred taxes

The major components of income tax expense for the years ended 31st March 2020 & 31st March 2019 are as under:

20.1 Statement of profit & loss

(Rupees in lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019
Current income tax		
-Current income tax charge	483.68	490.46
Deferred tax		
-Relating to origination and reversal of temporary differences of current year	(45.15)	1.65
Income tax and deferred tax of earlier years (net)	(28.24)	(7.73)
Tax expense reported in the statement of profit & loss	410.29	484.38

20.2 Other comprehensive income (OCI)

(Rupees in lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019
Deferred tax related to items recognised in OCI		
Re-measurement of defined benefit plans charge/(credit)	23.79	(11.13)
Deferred tax charge/(credit)	23.79	(11.13)

20.3 Reconciliation of tax expenses and the accounting profit multiplied by applicable tax rate for 31st March 2020 and 31st March 2019

(Rupees in lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019
Accounting profit before tax from operations	1,698.45	1,678.25
Applicable income tax rate	25.17%	29.12%
	427.47	488.71
- Pemanant differences (Provision for impairment in Investment, donation etc)	78.66	3.40
- Difference due to reduction in tax rate (refer note 20.3.1)	(67.60)	-
-Income tax and deferred tax of earlier years (net)	(28.24)	(7.73)
Subtotal	410.29	484.38
At the effective income tax rate of	24.16%	28.86%
Tax expense reported in the statement of profit and loss	410.29	484.38

20.3.1 In the year ended 31st March 2020, the Company has 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 has 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) is recognized during the year ended 31st March 2020.

20.4 Deferred tax liabilities (net) (Rupees in lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019
Deferred tax relates to the following:		
Differences in depreciation and amortization for accounting and income tax purposes	485.38	527.06
Provision for doubtful debts/advances	(0.18)	(0.53)
Provision for NMMC cess liability	(0.07)	(18.26)
Provision for employee benefits	(37.70)	(47.40)
Right of use asset	(1.12)	-
Net deferred tax liabilities	446.31	460.87

20.5 Reflected in the balance sheet as follows (Rupees in lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019
Deferred tax assets	(39.08)	(66.19)
Deferred tax liabilities	485.38	527.06
Deferred tax liabilities (net)	446.31	460.87

20.6 Deferred tax expenses/(income) (Rupees in lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019
Deferred tax relates to the following:		
Differences in depreciation and amortization for accounting and income tax purposes	(41.67)	(9.51)
Provision for doubtful debts/advances	0.34	4.05
Provision for NMMC cess liability	18.19	(0.12)
Provision for employee benefits	9.70	(6.15)
Right of use asset	(1.12)	-
Net deferred tax charge/(credit) (including amount pertaining to previous years)	(14.56)	(11.72)

20.7 The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority and intends either to settle on a net basis. Deferred tax asset has not been recognised on impairment in the value of investment of Rs. 270.00 lakhs in the absence of reasonable certainty of its reversal in future.

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(Rupees in lakhs)

21	Borrowings (Current)	As at 31st March 2020	As at 31st March 2019
	Secured		
	From bank		
	Working capital loans		
	- Cash credit (Repayable on demand)	1,247.64	1,420.86
	- Packing credit (Repayable within 180 days)	2,445.78	2,458.40
	- Bills discounted (Repayable within 30 to 270 days)	573.44	1,644.73
	Total	4,266.86	5,523.99

21.1 Details of security provided on working capital loans

Working capital loans are secured by first charge by way of hypothecation of stocks of semi-finished and finished goods, raw materials, consumable stores and spares (also refer note 10), book debts (also refer note 11) including bills discounted/purchased and second charge on its fixed assets of Company. The loans are further secured by personal guarantee of Chairman & Managing Director of the Company. Cash credit is repayable on demand.

(Rupees in lakhs)

22	Trade payables	As at 31st March 2020	As at 31st March 2019
	Trade payables		
	- Dues to micro & small enterprises	24.21	35.73
	- Dues to other than micro & small enterprises	992.08	1,604.49
	Total	1,016.29	1,640.22

22.1 Under the Micro, Small and Medium Enterprises Development Act, 2006 [MSMED Act], certain disclosures are required to be made relating to Micro and Small Enterprises. The Company has disclosed such information only to the extent received from suppliers about their coverage under the MSMED Act. Auditor's have relied on the same.

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

(Rupees in lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019
Principal amount due to supplier under MSMED Act, 2006	24.21	35.73
Interest accrued and due to suppliers under MSMED Act, 2006 on the above amount	-	0.12
Payment made to suppliers (other than interest) beyond the appointed day, during the year	-	53.72
Interest paid to supplier under MSMED Act, 2006	1.05	-
Interest due to payable to suppliers under MSMED Act, 2006 for payments already made	-	0.93
Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act, 2006	-	0.12

22.3 Terms & conditions of the above financial liabilities:

Trade payables are non-interest bearing and are generally settled on 15 to 90 days terms. For details of balances outstanding of related parties, refer note 40.3.

(Rupees in lakhs)		
23 Other current financial liabilities	As at 31st March 2020	As at 31st March 2019
Current maturity of long term borrowings		
- Rupee loan	256.11	172.50
- Foreign currency loan	548.69	636.00
- Vehicle loan	13.39	18.73
Interest accrued but not due	4.20	5.35
Trade payable for capital goods	29.03	82.43
Unpaid dividend	24.63	19.78
Accrued expenses	425.85	384.86
Salary and wages payable	120.50	103.80
Other liabilities*	31.13	32.29
Total	1,453.54	1,455.75

*Other liabilities includes amount deducted from employees and payable to various authorities, interest payable etc.

(Rupees in lakhs)		
23.1 Break up of financial liabilities carried at amortised cost	As at 31st March 2020	As at 31st March 2019
Particulars		
Borrowings [refer note no.18 & 21]	5,303.76	7,031.97
Lease liabilities (refer note no. 38)	97.38	-
Other financial liabilities [refer note no.23]	1,453.54	1,455.75
Trade payable [Refer note no.22]	1,016.29	1,640.22
Total	7,870.97	10,127.94

(Rupees in lakhs)		
24 Other current liabilities	As at 31st March 2020	As at 31st March 2019
Unearned revenue (tooling charges)	27.71	-
Advances from customers	-	2.74
Statutory liabilities	39.23	39.38
Total	66.95	42.12

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(Rupees in lakhs)

25	Provision (Current)	As at 31st March 2020	As at 31st March 2019
	Provision for employee benefits		
	- Leave benefits	122.84	115.56
	- Gratuity	39.65	83.99
	Provision for contingency	0.28	2.40
	Total	162.77	201.96

25.1 Movement of provision for contingencies

(Rupees in lakhs)

Particulars	Margin on sales return (a)	NMMC (b)	Total (a+b)
Opening balance as on 1st April 2018	1.85	0.15	2.00
Add: Provision made	2.25	-	2.25
Less: Utilised/paid	1.85	-	1.85
Less: Write back	-	-	-
Closing balance as on 31st March 2019	2.25	0.15	2.40
Add: Provision made	0.13	-	0.13
Less: Utilised/paid	2.25	-	2.25
Less: Write back	-	-	-
Closing balance as on 31st March 2020	0.13	0.15	0.28

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 Company had paid Rs. 60.29 lakhs under protest. During the previous year, Company has adjusted the payment under protest to the extent of expected liability though the outcome of appeal is pending to be received. Expected outflow of interest/penalty depends on outcome of the appeal filed.

Notes on standalone financial statements for the financial year ended 31st March 2020

(Rupees in lakhs)

26	Revenue from operations		Year ended 31st March 2020	Year ended 31st March 2019
	Sale of products		15,362.86	15,126.91
	Sale of services			
	- Job work and tooling charges		113.41	74.41
		(A)	15,476.27	15,201.32
	Other operating revenues			
	- Export incentives		429.07	405.53
	- Sale of electricity - windmill		234.16	216.26
	- Scrap sales		1,456.33	1,657.34
		(B)	2,119.56	2,279.13
	Total	(A + B)	17,595.83	17,480.45

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

Effective from 1st April 2018, the Company has applied Ind AS 115 which establishes a comprehensive framework for determining whether, how much and when revenue is to be recognised. Ind AS 115 'Revenue from contracts with customers' replaces Ind AS 18 'Revenue' and Ind AS 11 'Construction Contracts'.

Adoption of new standard does not have any impact on revenue recognition for current year as well as earlier years. Refer Significant accounting policies on Revenue recognition.

(a) Contracts with customer and significant judgement in applying the standard:

- (i) The Company's operations relates to manufacturing and selling of forged and machined components for various sectors. The Company caters to both domestic and international markets.

The Company applies the guidance provided in Ind AS 115 'Revenue from contracts with customer' for determining the timing of recognition of revenue. Refer significant accounting policies on Revenue recognition.

- (ii) For details of revenue recognised from contracts with customers, refer note 26 above.
- (iii) There are no contract assets arising from the Company's contract with customers.

(b) Disaggregation of revenue:

- (i) For disaggregation of revenue, refer break-up given in note 26 above, note 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 2020 and 31st March 2019.

26.2 Reconciliation of revenue recognized with the contracted price is as follows: (Rupees in lakhs)

Particulars	Year ended 31st March 2020	Year ended 31st March 2019
Contracted price	17,639.38	17,523.06
Less: Reductions towards variable consideration components	43.55	42.61
Revenue recognised	17,595.83	17,480.45

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

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26.3 The Company receives government assistance in the form of MEIS license and duty drawback, which are issued to eligible importer. Above revenue includes MEIS and duty drawback income of Rs. 429.07 Lakhs (Previous year: Rs. 405.53 Lakhs). Out of the revenue recognised, certain amount will be received from government upon receipt of balance amount from customer and fulfilment of other procedural formalities.

(Rupees in lakhs)

27 Other income	Year ended 31st March 2020	Year ended 31st March 2019
Interest income on		
- Fixed deposit	0.61	1.10
- Loans to wholly owned subsidiary	12.11	14.68
- Others	25.07	14.59
Guarantee commission recovered	19.09	18.34
Provision for contingencies written back (net)	-	1.74
Miscellaneous income*	13.93	30.24
Profit on sales/discard of assets (net)	0.53	3.67
Foreign exchange fluctuation - gain (net)	161.44	45.91
Total	232.78	130.27

* Miscellaneous income includes sundry scrap & miscellaneous recoveries.

(Rupees in lakhs)

28 Cost of raw materials consumed	Year ended 31st March 2020	Year ended 31st March 2019
Opening Inventory	1,308.25	1,012.41
Add : Purchases	7,557.20	8,528.70
	8,865.45	9,541.11
Less : Closing Inventory	891.23	1,308.25
Cost of raw materials consumed	7,974.22	8,232.86

(Rupees in lakhs)

29 Changes in inventories of work-in-progress, finished goods and scrap	Year ended 31st March 2020	Year ended 31st March 2019
Opening inventory		
Work-in-progress	1,655.79	1,517.98
Scrap	30.21	28.56
Finished goods in transit	21.43	-
	1,707.43	1,546.54
Closing Inventory		
Work-in-progress	1,872.61	1,655.79
Scrap	8.01	30.21
Finished goods in transit	-	21.43
	1,880.62	1,707.43
Total (Increase)/Decrease in Stock of WIP, finished goods and scrap	(173.19)	(160.89)

(Rupees in lakhs)

30	Manufacturing expenses	Year ended 31st March 2020	Year ended 31st March 2019
	Dies expenses	156.03	255.44
	Consumption of Stores & Spares	537.69	504.28
	Other freight inward and other expenses	91.10	72.80
	Power, fuel and water	987.67	928.25
	Insurance expenses	75.58	67.98
	Repairs and maintenance		
	- Plant and machinery	264.36	190.29
	- Windmill maintenance charges	24.68	22.43
	- Building	21.98	0.15
	Contract labour expense	383.66	291.91
		1,849.03	1,573.81
	Job work expenses	1,058.14	1,099.40
	Rent	74.18	93.79
	Total	3,675.07	3,526.72

(Rupees in lakhs)

31	Employee benefit expense	Year ended 31st March 2020	Year ended 31st March 2019
	Salaries, wages and bonus (including managerial remuneration)	1,918.64	1,730.70
	Contribution to provident and other funds (Refer note 53)	112.58	102.00
	Gratuity and leave benefit expenses (refer note 52 (a) & (b))	55.66	83.34
	Workmen and staff welfare expenses	71.36	56.75
	Total	2,158.24	1,972.79

(Rupees in lakhs)

32	Finance costs	Year ended 31st March 2020	Year ended 31st March 2019
	Interest on bank facilities	463.08	483.04
	Other interest costs*	15.13	27.80
	Bank charges	84.32	102.28
	Foreign exchange loss (attributable to finance cost)	52.19	80.74
	Total	614.72	693.86

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

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(Rupees in lakhs)

33 Other expenses	Year ended 31st March 2020	Year ended 31st March 2019
Freight outward	497.82	648.79
Professional fees	152.59	168.36
Travelling and conveyance	66.90	85.13
Rates and taxes	89.68	88.96
Repairs and maintenance - Others	18.23	15.08
Payment to auditors	19.53	19.80
Directors sitting fees	13.25	17.75
Commission to other directors	6.00	7.25
Sundry balance written off	4.99	0.75
Bad debts written off	0.31	5.51
Less: Allowance for bad and doubtful debts	-	(0.50)
Allowance for doubtful trade receivable	0.28	-
Allowance for doubtful advances	1.95	1.36
Corporate social responsibility expenses	25.10	17.72
Donation	7.38	1.29
Loss on sale and discard of fixed assets	67.11	-
Miscellaneous expenses*	130.77	146.07
Total	1,101.89	1,223.31

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

33.1 Payment to auditors (Rupees in lakhs)

Particulars	Year ended 31st March 2020	Year ended 31st March 2019
As auditor:		
- Statutory audit fees	17.50	15.50
- Tax audit & tax advisory	2.00	4.00
- Others (including certification fees)	-	0.30
- Towards reimbursement of expenses	0.03	-
Total	19.53	19.80

34 Exceptional item (Rupees in lakhs)

Particulars	Year ended 31st March 2020	Year ended 31st March 2019
Impairment in the value of investment	270.00	-
Total	270.00	-

35 Components of Other Comprehensive Income (OCI)

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

(Rupees in lakhs)

Particulars	for the year ended 31st March 2020	Tax	Net
Reclassified to statement of profit or loss:			
Re-measurement gains (losses) on defined benefit plans	94.53	(23.79)	70.74
Total	94.53	(23.79)	70.74
Particulars	for the year ended 31st March 2019	Tax	Net
Re-measurement gains (losses) on defined benefit plans	(38.58)	11.13	(27.45)
Total	(38.58)	11.13	(27.45)

36 Earnings per equity share

Particulars		Year ended 31st March 2020	Year ended 31st March 2019
Numerator for basic and diluted EPS			
Net profit after tax attributable to shareholders (before OCI) (in Rs. lakhs)	(A)	1,288.15	1,193.88
Denominator for basic EPS			
Weighted average number of equity shares for basic EPS	(B)	17,270,000	17,270,000
Denominator for diluted EPS			
Weighted average number of equity shares for diluted EPS	(C)	17,270,000	17,270,000
Basic earnings per share of face value of Rs.10/- each (in Rs.)	(A/B)	7.46	6.91
Diluted earnings per share of face value of Rs.10/- each (in Rs.)	(A/C)	7.46	6.91

37 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:

(Rupees in lakhs)

Particulars	Year ended 31st March 2020	Year ended 31st March 2019
(a) Letters of guarantee issued by bank	73.18	62.45
(b) Stand by letter of credit issued by the company for loans taken by Pradeep Metals Limited, Inc. wholly owned subsidiary USD 1,000,000 (Previous year : Nil). Outstanding as on 31st March 2020 - USD 1,000,000 (Previous year : Nil) (Refer Notes 4.10)#	756.65	-
(c) Claim against the Company not acknowledged as debts (net)	26.25	26.25
(d) Claim for Navi Mumbai Municipal Cess payable	-	-
(e) Corporate guarantees given for loans taken by Pradeep Metals Limited, Inc. wholly owned subsidiary USD 3,200,000 (Previous year : USD 3,200,000). Maximum amount payable as per guarantee is USD 4,000,000 (Previous year : USD 4,000,000) Outstanding as on 31st March 2020 - USD 2,150,000 (Previous year : USD 2,470,000) (Refer Notes 4.10 & 5.1)#	1,626.80	1,708.13

#Converted in INR at exchange rate of year end i.e. Rs. 75.665 (Previous year : Rs. 69.155)

- (i) In respect of (a),(b) and (e) above, the Company does not expect any cash outflow till such time contractual obligations are fulfilled.
 - (ii) In respect of (c) and (d) above, future cash out flows (including interest/penalty) are determinable on receipt of judgments from tax authorities/labour court.
- (B) The Company had received demand of Rs. 87.16 lakhs (Previous year : Rs. 118.51 lakhs) under the Income Tax Act, 1961 for financial years 2011-12, 2012-13, 2013-14 and 2018-19 as per which the department has withhold refund to the extent of credit of dividend taxes paid. In this regard, the Company has filed rectification application seeking to give credit of taxes paid and after rectification, no demand will be payable. The Company does not expect any demand from tax department and hence, it is not disclosed under contingent liability.

38 Capital and other commitments

Capital commitment for tangible assets (net of advance paid) - Rs.248.82 lakhs (Previous year : Rs. 328.95 lakhs). There are no other commitments. Capital commitment for intangible assets (net of advance paid) - Rs. Nil (Previous year : Rs. Nil)

39 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. Ind AS 116 replaces Ind AS 17 'Leases' and related interpretation and guidance. The Company had made transition adjustment as per para C8(c)(ii) of Ind AS 116, i.e. prospective implementation without changing opening balance of reserves. Consequently, amounts of 'Depreciation & Amortisation', 'Finance Costs' and 'Other Expenses' are not comparable with previous year. Also refer note 2.1(e) (i) for accounting policy on leases. For lease arrangement with lease terms of 12 months or less, the Company has applied the 'short-term lease' recognition exemptions.
- 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:**

(Rupees in lakhs)

Particulars	Amount
Interest expense on lease liabilities	11.10
Lease expenses in case of short term leases	-
Lease expenses in case of low value leases (other than short term as disclosed above)	74.18
Lease expenses debited to lease liabilities	24.90
Total cash outflow for leases [incl. short term & low value leases]	110.18
Variable lease payments not considered in measurement of lease liabilities	-
Income from subleasing ROU assets	-

- e) As indicated in note 3.12, the Company has adopted Ind AS 116 – "Leases" retrospectively from 1st April, 2019, but has not restated comparatives for the 31st March, 2019 reporting period, as permitted under the specific transition provisions in the standard. The reclassifications and the adjustments arising from the new standard are therefore recognised in the Opening balance sheet on 1st April, 2019 as given below:

(Rupees in lakhs)

Particulars	Amount
Right-of-use assets	122.27
Right-of-use assets (leasehold reclassified as compared to previous year) (net book value)	39.71
Financial liability- Lease liabilities - current	27.50
Financial liability -Lease liabilities - non-current	69.87

- f) 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 on 1st April, 2019 was 8.33% .

II) Disclosures in respect of previous year:

The Company has taken factory premises and machinery under cancellable operating lease agreements. The total lease rentals recognized as an expense during the previous year under the above lease agreements aggregates to Rs. 93.79 lakhs. There are no restrictions imposed by the lease agreements. There are no sub leases. Leasehold land has been amortised over the lease period.

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40 Related party disclosure

40.1 Name of the related parties and related party relationship

Description of relationship	Name of the Related Party
Enterprise having control over the Holding Company (Ultimate holding company)	Nami Capital Private Limited [w.e.f. 1st October, 2018] (Rabale Engineering India Private Limited changed its name to Nami Capital Private Limited)
Director/Key management personnel (KMP)	Mr. Pradeep Goyal, Chairman & Managing Director
	Dr. Kewal K. Nohria, Non-Executive Director
	Mr. Omprakash Agarwal, Non-Executive Director (Upto 15th November 2019)
	Mrs. Neeru Pradeep Goyal, Non-Executive Director (Wife of Chairman & Managing Director)
	Mr. Suresh G. Vaidya, Independent Director
	Mr. Jaidev R. Shroff, Independent Director (Upto 30th September 2018)
	Mr. Jayavardhan Dhar Diwan, Independent Director
	Mrs. Nandita Vohra, Independent Director (w.e.f. 28th December 2018)
	Mr. Kartick Maheshwari, Independent Director
Relatives of key management personnel	a) Abhinav Goyal (Son of Chairman & Managing Director) b) 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	Dhanlabh Engineering Works Private Limited
	Economic Forge 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.

40.2 Related party transactions

(Rupees in lakhs)

Name of the related party	Nature of the transaction	Year ended 31st March 2020	Year ended 31st March 2019
Dhanlabh Engineering Works Private Limited	Labour charges paid	67.93	74.66
	Purchase	-	-
	Sales	-	9.39
	Rent expenses	42.48	30.54
	Electricity charges (Reimbursement)	16.84	16.91
Economic Forge Private Limited	Labour charges paid	-	-

(Rupees in lakhs)

Name of the related party	Nature of the transaction	Year ended 31st March 2020	Year ended 31st March 2019
Pradeep Metals Limited Inc., USA, Houston	Sales	2,560.04	2,846.15
	Guarantee commission recovered	19.09	18.34
	Repayment of loan given	-	65.18
	Reimbursement of custom duty recovered	292.42	195.66
	Reimbursement of freight charges recovered	154.08	9.78
	Reimbursement of bank charges recovered (SBLC) recovered	13.32	-
	Interest on loan	12.11	14.68
Dimensional Machine Works LLC, USA, Houston	Purchase of fixed assets	3.02	230.59
	Reimbursement of freight charges	15.86	-
	Sales	115.52	-
	Sales Tooling	7.34	-
Nami Capital Private Limited [w.e.f. 1st October, 2018] (Rabale Engineering India Private Limited changed its name to Nami Capital Private Limited)	Dividend paid (including interim dividend)	199.45	-
Neeru Goyal	Sitting fees paid	1.25	1.50
	Dividend paid (including interim dividend)	18.40	-
Dr. Kewal K. Nohria	Sitting fees paid	2.25	2.75
	Dividend paid (including interim dividend)	13.56	-
	Commission	1.00	1.00
Mr. Omprakash Agarwal	Sitting fees paid	0.25	1.75
	Commission	0.25	1.50
Mr. Suresh G. Vaidya	Sitting fees paid	3.00	4.25
	Commission	1.25	1.50
Mr. Jaidev R. Shroff	Sitting fees paid	-	0.25
	Commission	-	0.25
Mr. Jayavardhan Dhar Diwan	Sitting fees paid	2.75	4.00
	Commission	1.25	1.50
Mr. Kartick Maheshwari	Sitting fees paid	2.25	2.75
	Commission	1.00	1.00
Mrs. Nandita Vohra	Sitting fees paid	1.50	0.50
	Commission	1.25	0.50
Mr. Pradeep Goyal	Remuneration (including other allowances)	116.86	99.42
	Incentive	25.00	25.00
	Dividend paid (including interim dividend)	31.53	-

Note: Sitting fees, commission, remuneration and incentive pay forms part of short term employee benefits.
* Does not include gratuity and leave encashment since the same is considered for all employees (including the Chairman & Managing Director) of the Company as a whole.

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40.3 Balance outstanding as at the year end

Pradeep Metals Limited Inc., USA, Houston	Trade receivable	2,143.48	2,212.04
	Guarantee commission receivable	3.97	1.45
	Reimbursement of expenses receivable	2.80	14.85
	Loan given	189.16	172.89
	Interest on loan receivable	2.17	1.00
	Investment	879.10	879.10
	SBLC #	756.65	-
	Corporate guarantee outstanding #	1,626.80	1,708.13
Economic Forge Private Limited	Trade payable	-	-
Dimensional Machine Works LLC, USA, Houston	Trade payable for capital goods	-	1.91
		132.50	-
Hind Rectifiers Limited	Trade payable	-	-
Dhanlabh Engineering Works Private Limited	Trade payable	11.90	6.58
Dr. Kewal K. Nohria	Commission payable	1.00	1.00
Mr. Omprakash Agarwal	Commission payable	0.25	1.50
Mr. Suresh G. Vaidya	Commission payable	1.25	1.50
Mr. Jaidev R. Shroff	Commission payable	-	0.25
Mr. Jayavardhan Dhar Diwan	Commission payable	1.25	1.50
Mr. Kartick Maheshwari	Commission payable	1.00	1.00
Mrs. Nandita Vohra	Commission payable	1.25	0.50
Pradeep Goyal	Remuneration payable	3.23	3.90
	Incentive payable	25.00	25.00

#Converted in INR at exchange rate of year end i.e. Rs. 75.665 (Previous year : Rs. 69.155). Corporate guarantee of USD 3,200,000 (Previous year : USD 3,200,000) is given for loans taken by Pradeep Metals Limited, Inc. Stand by letter of credit of USD 1,000,000 (Previous year Nil) is given for loan taken by Pradeep Metals Limited, Inc.

Note: In addition to above transactions, Chairman and Managing Director of the Company has given personal guarantee for loan facilities taken by the Company, No guarantee charges are payable by the Company (Refer note 18.1 & 21.1)

40.4 Outstanding balances at the year end are unsecured with a short term duration and interest free. For the year ended 31st March 2020, the Company has not recorded any impairment of receivables relating to amount owed by related parties (Previous year :Rs. Nil). This assessment is undertaken in each financial year through examining the financial position of the related party & the market in which the related party operates.

40.5 All transactions were made on normal commercial terms and conditions and at market rates.

41 Loans and advances in the nature of loans given to subsidiary

(Rupees in lakhs)

Particulars	Year ended 31st March 2020	Year ended 31st March 2019
Pradeep Metals Limited, Inc		
Balance outstanding	189.16	172.89
Maximum amount outstanding during the year	189.16	228.11

42 Disclosures required under sec. 186(4) of the Companies Act, 2013

(Rupees in lakhs)

Name of the borrower	Purpose	Rate of Int. p.a	Year ended 31st March 2020	Year ended 31st March 2019
Pradeep Metals Limited, Inc.	General corporate/ Business purpose	6.05% (Previous year: 6.95%) 6.05% (Previous year: 6.51%)	75.66 113.50	69.16 103.73
Total			189.16	172.89

43 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 2020, other than those with carrying amounts that are reasonable approximates of fair values:

(Rupees in lakhs)

Particulars	Carrying value		Fair Value	
	As at 31st March 2020	As at 31st March 2019	As at 31st March 2020	As at 31st March 2019
(i) Investments	0.05	0.05	0.05	0.05
(ii) Loans	195.82	181.17	195.82	181.17
(iii) Other non-current financial assets	50.66	54.94	50.66	54.94
(iv) Trade receivables	5,379.31	5,908.08	5,379.31	5,908.08
(v) Cash and cash equivalents	3.38	43.59	3.38	43.59
(vi) Other bank balances	33.29	32.25	33.29	32.25
(vii) Other current financial assets	296.89	630.60	296.89	630.60
Total financial assets	5,959.41	6,850.68	5,959.41	6,850.68
(i) Borrowings (Non-current)	1,036.91	1,507.98	1,036.91	1,507.98
(ii) Lease liabilities (Non-current)	69.87	-	69.87	-
(iii) Trade payable	1,016.29	1,640.21	1,016.29	1,640.21
(iv) Lease liabilities (Current)	27.50	-	27.50	-
(v) Other current financial liabilities	1,453.54	1,455.75	1,453.54	1,455.75
(vi) Borrowings (Current)	4,266.86	5,523.99	4,266.86	5,523.99
Total financial liabilities	7,870.97	10,127.93	7,870.97	10,127.93

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.

44 Impact on account of Covid-19

In March 2020, the World Health Organisation declared COVID 19 to be a pandemic. The holding company and subsidiaries have 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.

45 Derivatives not designated as hedging instruments

The Company evaluates the option of foreign exchange forward contracts to manage repayment of some of its foreign currency denominated borrowings as done in past. These foreign exchange forward contracts are not designated as cash flow hedges and are entered into for periods consistent with foreign currency exposure of the underlying transactions i.e. the repayments of foreign currency denominated borrowings. However, considering that the Company has a natural hedge in the form of exports receivables, the Company has not booked foreign exchange forward contracts in current year and previous year.

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.

Interest rate sensitivity

The Company's total interest cost the year ended 31st March 2020 was Rs.614.72 lakhs and for year ended 31st March 2019 was Rs.693.86 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 (Rupees in lakhs)
31st March 2020	+50	-34.66
	-50	34.66
31st March 2019	+50	-10.12
	-50	10.12

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 manages its foreign currency risk by budgeting exports sales & repeat orders from its overseas customers and Company keep its long term foreign currency borrowings un-hedged which will be natural hedge against its un-hedged exports. The Company may hedge its long term borrowing near to the repayment date to avoid rupee volatility in short term. The company also avails bill discounting facilities in respect of export receivables.

Commodity price risk

Company is affected by the price volatility of certain commodities. Its operating activities require the on-going purchase of steel. Due to significant volatility of the price of the steel, the Company has agreed with its customers for pass-through of increase/decrease in prices of steel. There may be lag effect in case of such pass-through arrangement.

Commodity price sensitivity

The Company revises its prices to customers on quarterly basis by considering average raw materials prices prevailing in the previous quarter implying it passes through any increase in prices thereby minimising the impact on the profit and loss and equity of the Company.

Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and other receivables and deposits, foreign exchange transactions and other financial instruments.

Expected credit loss and Trade receivables

Customer credit risk is managed by the Company's established policy, procedures and control relating to customer credit risk management. Further, Company's customers includes companies having long standing relationship with the Company. Outstanding customer receivables are regularly monitored and reconciled. Two customers accounted for more than 10% of the total receivables as at 31st March 2020 and 31st March 2019. An impairment analysis is performed at each reporting date on an individual basis for major clients. In addition, a large number of minor receivables are grouped into homogeneous groups and assessed for impairment collectively. The calculation is based on historical data, past trend and standard percentage norms. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 11. The Company does not hold collateral as security. Majority of the export receivable are covered under the insurance cover. The Company evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets. For movement in expected credit loss allowance refer the below table:

(Rupees in lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019
Opening balance	0.45	0.95
Add : Allowance for doubtful receivables made during the year	-	-
Less : Allowance for doubtful receivables reversed during the year	0.28	(0.50)
Less : Trade receivables written off during the year	-	-
Closing balance	0.73	0.45

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:

(Rupees in lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019
Less than 1 year		
Borrowings (Current)	4,266.86	5,523.99
Trade and other payables	1,016.29	1,640.21
Lease liabilities (Current)	27.50	-
Other financial liabilities	635.34	628.52
Current maturity of long term borrowings	818.19	827.23
	6,764.19	8,619.95
1 to 5 years		
Borrowings (Non-current)	1,036.91	1,507.98
Lease liabilities (Non-current)	69.87	-
	1,106.78	1,507.98
Total	7,870.97	10,127.93

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:

Particulars	As at 31st March 2020	As at 31st March 2019
Total debt* (Rs. in lakhs)	6,121.96	7,859.20
Total capital (total equity) (Rs. in lakhs)	7,340.50	6,398.02
Net debt to equity ratio	0.83	1.23

* 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 2020 and 31st March 2019.

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).

48.1 Segment Revenue-Gross

(Rupees in lakhs)

Particulars	Closed die forging and processing	Power generation	Total
External revenue	17,361.66	234.16	17,595.82
Previous year	17,264.19	216.26	17,480.45

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48.2 Segment Results

(Rupees in lakhs)

Particulars	Closed die forging and processing	Power generation	Total
Segment total	2,397.20	151.70	2,548.90
Previous year	2,299.21	118.07	2,417.28
Unallocated corporate expenses net of unallocated income (net of exceptional item)			235.23
Previous year			45.67
Profit before interest etc. and taxation			
Less: Finance costs			615.23
Previous year			693.35
Profit before tax			1,698.45
Previous year			1,678.26
Tax expense			410.29
Previous year			484.38
Profit for the year (before OCI)			1,288.15
Previous year (before OCI)			1,193.88

48.3 Other information

(Rupees in lakhs)

Particulars	Closed die forging and processing	Power generation	Total
Segment assets	14,065.04	1,113.13	15,178.18
Previous year	15,232.05	1,197.12	16,429.18
Unallocated corporate assets			739.12
Previous year			1,149.65
Segment liabilities	1,879.48	-	1,879.48
Previous year	2,562.05	-	2,562.05
Unallocated corporate liabilities			6,697.31
Previous year			8,618.76
Depreciation/amortization	452.96	56.26	509.21
Previous year	387.50	56.31	443.81
Impairment	270.00	-	270.00
Previous year	-	-	-
Capital expenditure	656.42	-	656.42
Previous year	1,149.42	-	1,149.42

48.4 Secondary segment: Geographical information

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

(Rupees in lakhs)

Locations	Year ended 31st March 2020	Year ended 31st March 2019
Within India	7,704.24	7,629.49
Outside India	9,891.58	9,850.96
Total	17,595.83	17,480.45

Note : Revenue within India includes sales to customers located within India and revenue outside India includes sales to customers located outside India.

ii) Trade receivable at year end

(Rupees in lakhs)

Locations	Year ended 31st March 2020	Year ended 31st March 2019
India	1,065.36	993.36
Outside India	4,313.96	4,914.71
Total	5,379.31	5,908.07

Note: Above figures are net of provision Rs. 0.73 lakhs (Previous year : Rs. 0.45 lakhs)

iii) Reliance on major customers:

Three customers represents more than 10% of the total revenue. Total revenue from these major customers amounts to Rs. 6,471.98 lakhs. In case of previous year only three customer represented more than 10% of total revenue whose revenue amounted to Rs. 6,452.73 lakhs.

Notes:

- 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.
- The business segment comprise the following:
 - Closed Die Forging and Processing
 - Power Generation
- The geographical information considered for disclosure are: Sales within India and Sales outside India

49 Foreign currency exposures that are not hedged by derivative instruments.

Particulars	As at 31st March 2020		As at 31st March 2019	
	Amt. In Foreign Currency (In Lakhs)	Rs. In Lakhs	Amt. In Foreign Currency (In Lakhs)	Rs. In Lakhs
Borrowings [Term loan & packing credit] USD	50.99	3,858.14	59.55	4,104.52
Trade and other receivable (net of bills discounted)				
USD	41.17	3,115.42	40.04	2,769.00
EURO	7.50	620.73	5.92	460.06
GBP	0.34	31.83	0.42	38.39
Trade payable for capital goods				
USD	-	-	0.37	25.69

Note: Open purchase orders & sales orders have not been considered for foreign currency exposure.

50 Expenditure on research & development (charged to statement of P & L) [Other than microwave project]

(Rupees in lakhs)

Particulars	Year ended 31st March 2020	Year ended 31st March 2019
Professional fees	2.08	11.22
Tours & travels	0.14	0.04
Rent, rate and taxes	1.20	1.20
Repairs & maintenance	-	4.74
Employees welfare	-	0.07
Materials stores & spares	3.28	0.65
Other expenses	0.70	0.72
Total	7.40	18.64

51 CSR expenditure

(Rupees in lakhs)

Particulars	Year ended 31st March 2020	Year ended 31st March 2019
(a) Gross amount required to be spent by the company during the year	24.52	16.83
(b) Amount spent during the year	25.10	17.72
i) Construction/acquisition of any asset	-	-
ii) On purposes other than (i) above	25.10	17.72
(c) Balance unspent	-	-

(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 year, the Company has 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. Also interest rate and inflation risk are taken care of.

The following table summarises the components of net benefit expense recognised in the statement of profit and loss and the funded status and amounts recognised in the balance sheet for the gratuity plan. The principal assumptions used in determining gratuity for the company's plan is shown below:

(Rupees in lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019
Mortality table	IALM(2006-08) ult	IALM(2006-08) ult
Discount rate	6.66%	7.61%
Expected rate of return on plan assets	5.00%	8.00%
Rate of increase in compensation levels	5.00%	8.00%
Expected average remaining working lives (in years)	14.22	14.15
Employee attrition rate	PS 0 - 42 - 2%	PS 0 - 42 - 2%

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

(Rupees in lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019
Present value of obligation as at the beginning of the year	537.15	486.13
Interest expense	40.14	34.50
Current service cost	49.71	44.70
Past service cost-(Non vested benefits)	-	-
Past service cost-(Vested benefits)	-	-
Benefits (paid)	(17.65)	(63.93)
Remeasurements on obligation [Actuarial (Gain)/Loss]	(98.45)	35.74
Closing defined benefit obligation	510.89	537.15

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

(Rupees in lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019
Opening fair value of plan assets	426.02	420.36
Adjustment to opening fair value of plan assets	-	-
Interest income	34.09	31.64
Contributions	32.71	40.79
Benefits paid	(17.65)	(63.93)
Remeasurements	-	-
Return on plan assets, excluding amount recognised in interest income-Gain/(Loss)	(3.93)	(2.84)
Closing fair value of plan assets	471.24	426.02
Actual return on plan assets		

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Net Interest (Income/Expense)

(Rupees in lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019
Interest (Income)/Expense - Obligation	40.14	34.50
Interest (Income)/Expense - Plan assets	(34.09)	(31.64)
Net Interest (Income)/Expense for the year	6.04	2.87

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

(Rupees in lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019
Experience (Gain)/Loss on plan liabilities	0.83	36.39
Demographic (Gain)/Loss on plan liabilities	-	-
Financial (Gain)/Loss on plan liabilities	(97.54)	(0.65)
Experience (Gain)/Loss on plan assets	0.83	36.39
Financial (Gain)/Loss on plan assets	-	-

Amount recognised in statement of other comprehensive income (OCI)

(Rupees in lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019
Remeasurement for the year - obligation (Gain)/Loss	(98.45)	35.74
Remeasurement for the year - plan assets (Gain)/Loss	3.93	2.84
Total Remeasurement cost/(credit) for the year recognised in OCI	(94.52)	38.58

The amounts to be recognised in the Balance Sheet

(Rupees in lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019
Present value of obligation as at the end of the year	510.89	537.15
Fair value of plan assets as at the end of the year	471.24	426.02
Net asset/(liability) to be recognised in balance sheet	(39.65)	(111.13)

Expense recognised in the Statement of Profit and Loss

(Rupees in lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019
Current service cost	49.71	44.70
Past service cost - (vested benefits)	-	-
Past service cost - (non vested benefits)	-	-
Sub Total	49.71	44.70
Net Interest (Income)/Expense	6.04	2.87
Benefit paid		
Past service cost		
Net periodic benefit cost recognised in the statement of profit and loss	55.75	47.57

Reconciliation of net assets/(liability) recognised:

(Rupees in lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019
Net asset/(liability) recognised at the beginning of the year	(111.13)	(65.77)
Adjustment to opening balance	-	-
Company contributions	32.71	40.79
Expense recognised at the end of year	(55.75)	(47.57)
Amount recognised outside profit & loss for the year (OCI)	94.52	(38.58)
Net asset/(liability) recognised at the beginning of the year	(39.65)	(111.12)

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 2020	As at 31st March 2019
Funds managed by insurer	100%	100%

Sensitivity analysis:

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

(Rupees in lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019
Discount rate		
Decrease by 1%	556.18	591.15
Increase by 1%	471.21	490.33

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

(Rupees in lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019
Salary increment rate		
Decrease by 1%	470.81	490.64
Increase by 1%	555.87	589.37

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:

(Rupees in lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019
Within one year	18.41	19.41
After one year but not more than five years	146.70	120.80
After Five years but not more than ten years	266.59	284.65

(b) Leave benefits

Liability for leave benefits which are long term in nature (Privilege and sick leave) are unfunded and actuarially determined considering the leave policy/rules of the Company. Provision for short term leave benefit - casual leave is calculated on arithmetic basis. The total liability for leave benefits as at year end is Rs.149.81 lakhs (Previous year : Rs.162.79 lakhs).

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

(Rupees in lakhs)

Particulars	Gratuity		Leave benefits	
	As at 31st March, 2020	As at 31st March, 2019	As at 31st March, 2020	As at 31st March, 2019
Current liability	39.65	83.99	122.84	115.56
Non-current liability	-	27.14	26.97	47.23
Net liability	39.65	111.13	149.81	162.79

53 Provident fund & ESIC

In accordance with the law, all employees of the Company are entitled to receive benefits under the provident fund and ESIC. Under the defined contribution plan, provident fund and ESIC is contributed to the government administered fund. The Company has no obligation, other than the contribution payable to the provident fund & ESIC.

(Rupees in lakhs)

Particulars	2019-2020	2018-2019
Provident fund	34.79	29.69
Pension fund	61.96	52.19
Employees' state insurance (ESIC)	15.42	19.73
Labour welfare fund	0.41	0.39
Total	112.58	102.00

54 Cash flow statement related

54.1 Aggregate outflow on account of direct taxes paid is Rs. 452.16 lakhs (Previous year : Rs.461.76 lakhs).

54.2 Conversion of rupee term loan in foreign currency loan (USD) aggregating to Rs.177.00 lakhs (Previous year : Rs. Nil) 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 25.10 lakhs (Previous year: Rs. 17.72 lakhs) (Refer note 51).

54.4 The amount of government grant of Rs. 214.00 lakhs was received in earlier year and hence cash outflow on account of fixed assets does not contain adjustment of government grant in cash flow statement.

54.5 Disclosure as required by Ind AS 7

Reconciliation of liabilities arising from financing activities

(Rupees in lakhs)

Particulars	As at 31st March 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
Long term borrowings	2,335.21	(559.39)	79.30	1,855.12
Total liabilities from financing activities	7,859.20	(1,968.04)	230.81	6,121.97

(Rupees in lakhs)

Particulars	As at 31st March 2018	Cash flows	Non cash changes	As at 31st March 2019
Short Term Borrowings	4,823.17	699.12	1.71	5,523.99
Long Term Borrowings	2,573.16	(199.28)	(38.69)	2,335.21
Total Liabilities from financing activities	7,396.33	499.83	(36.98)	7,859.20

55 During the year, the Board of Directors had recommended and approved the interim dividend of Rs.1/- per equity share of Rs.10/each for financial year 2019-20. Also, final dividend of Rs.1/- per equity share of Rs. 10/- each for financial year 2018-19 was approved by the shareholders at the annual general meeting of the Company held on 10th August 2019.

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: 29th June 2020

**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 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 31st March 2020, 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 31st March 2020, 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 continuing 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 of Rs. 270 lakhs has been accounted as an impairment provision during the year ended 31st March 2020. 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 2020;
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 matter covered in para 2 above, was also reported under Emphasis of Matter paragraph in the Independent audit report issued by us under the Companies Act, 2013 for the year ended 31st March 2019 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 31st March 2020, WIP value is Rs. 1,872.61 lakhs. The Holding Company has multiple control points which are manual in nature; these controls include detailed recording of movement of WIP items, periodical physical verification and ascertainment of stage of WIP by the management.

As part of our audit procedures, we perform test verification of closing inventory and analytical test to validate the closing stock quantities and values of WIP. However, as mentioned under Other Matter paragraph below, physical verification could not be done as at year end and we have relied on management for the same. Our other 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

1. In respect of Holding Company, on account of lockdown due to Covid-19, the management could not carry out physical verification of inventories as at 31st March 2020 and consequently, we also could not observe the physical verification in respect of inventories as at 31st March 2020. However, physical verification was carried out by the management during the year. We have relied upon the internal control system and performed alternate procedures to validate the existence of inventories as on 31st March 2020.
2. We did not audit the financial statements of WOS and SDS for the year ended 31st March 2020, whose financial statements reflect total assets of Rs. 7,797 lakhs, total revenues (including other income) of Rs. 4,896 lakhs, share of total loss after tax amounting to Rs. 1,031 lakhs and net cash flows aggregating to Rs. 93 lakhs for the year ended 31st March 2020, as considered in the consolidated financial statements. We have carried out limited review of the unaudited standalone financial statements of WOS and SDS. The unaudited financial statements/financial information of WOS and SDS are certified by the Holding Company's management and have been prepared by the Holding Company in accordance with Ind AS. Our opinion on the consolidated financial statements of the Group in so far as it relates to the amounts and disclosures included in respect of the WOS and SDS and our report in terms of sub-section (3) of Section 143 of the Act in so far it relates to the aforesaid WOS and SDS, is based solely on such management certified unaudited financial statements. Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the financial statements/financial information certified by the Management.

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.
- d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e) On the basis of the written representations received from the directors of the Holding Company as on 31st March 2020 taken on record by the Board of Directors of the Holding Company, none of the directors are disqualified as on 31st March 2020 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 31st March 2020 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 35(A)(c), 35(A)(d) and 35(B) to the consolidated financial statements;
 - ii. The Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
 - iii. According to the information and explanations given to us and on the basis of our examination of records of the 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: 20103286AAAACK1390

Place: Mumbai

Date: 29th June, 2020

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

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

Opinion

We have audited the internal financial controls over financial reporting of **Pradeep Metals Limited** ("the Holding Company") as of 31st March 2020 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).

(a) 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.

(b) On account of lockdown due to Covid-19, the management of the Holding Company could not carry out physical verification of inventories as at 31st March 2020.

In our opinion, read with our comment with respect to inventory above, the Holding Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2020, 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: 20103286AAAACK1390

Place: Mumbai

Date: 29th June, 2020

Consolidated Balance Sheet as at 31st March 2020

(Rupees in lakhs)

Particulars	Note No.	As at 31st March 2020	As at 31st March 2019
ASSETS			
I. Non-current assets			
Property, plant and equipment	4.1	5,768.21	5,384.54
Right of use assets	4.2	249.75	-
Capital work-in-progress	4.7	194.77	658.69
Goodwill	4.1	320.59	518.13
Other intangible assets	4.1	352.25	62.54
Intangible assets under development	4.8	-	431.74
Goodwill on consolidation		147.67	147.67
Financial assets			
(i) Investments-Others	5	0.05	0.05
(ii) Other non-current financial assets	6	68.31	62.04
Income tax assets (net)		86.57	178.35
Other non-current assets	7	468.75	388.47
		7,656.92	7,832.22
II. Current assets			
Inventories	8	4,014.53	4,254.38
Financial assets			
(i) Trade receivables	9	4,112.48	4,526.19
(ii) Cash and cash equivalents	10	189.59	388.08
(iii) Bank balances other than (ii) above	10	33.28	32.25
(iv) Loans	11	7.49	9.65
(v) Other current financial assets	12	304.20	673.56
Other current assets	13	155.92	285.86
		8,817.49	10,169.97
		16,474.41	18,002.19
TOTAL ASSETS			
EQUITY AND LIABILITIES			
III. Equity			
Equity share capital	14	1,727.00	1,727.00
Other equity		3,181.56	2,954.52
TOTAL EQUITY		4,908.56	4,681.52
LIABILITIES			
IV. Non-current liabilities			
Financial liabilities			
(i) Borrowings	16	2,032.22	3,022.08
(ii) Lease liabilities	37	107.14	-
Provisions	17	26.97	74.37
Deferred tax liabilities (net)	18.4	446.30	460.86
		2,612.63	3,557.31
V. Government grant pending appropriation to profit & loss		-	214.00
VI. Current liabilities			
Financial liabilities			
(i) Borrowings	19	4,952.16	5,524.01
(ii) Trade payable	20		
- Due to micro and small enterprises		24.21	35.73
- Due other than to micro and small enterprises		1,175.60	1,745.82
(iii) Lease liabilities	37	112.32	-
(iv) Other current financial liabilities	21	2,359.92	1,940.17
Other current liabilities	22	163.40	42.12
Provisions	23	162.77	201.97
Current tax liabilities (net)		2.84	59.54
		8,953.22	9,549.36
TOTAL LIABILITIES		11,565.85	13,320.67
TOTAL EQUITY & LIABILITIES		16,474.41	18,002.19
Significant accounting policies & other notes	1 to 53		

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: 29th June, 2020

**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 Ojha

Chief Financial Officer

37th ANNUAL REPORT 2020

Consolidated Statement of Profit and Loss for the year ended 31st March 2020

(Rupees in lakhs)

Particulars	Note No.	Year Ended 31st March 2020	Year Ended 31st March 2019
INCOME			
Revenue from operations	24	19,523.17	19,144.89
Other income	25	209.18	106.58
Total Income		19,732.35	19,251.47
EXPENSES			
Cost of material consumed	26	8,527.12	8,392.76
Changes in inventories of work-in-progress, finished goods and scrap	27	(57.08)	(185.17)
Manufacturing expenses	28	4,056.33	4,011.61
Employee benefit expenses	29	2,924.46	2,675.01
Finance costs	30	764.39	820.76
Depreciation and amortization expense	4.1	766.33	625.84
Other expenses	31	1,304.44	1,492.71
Total Expenses		18,285.99	17,833.52
Profit/(loss) before exceptional items and tax		1,446.36	1,417.95
Less: Exceptional items	32	270.00	-
Profit/(loss) before tax		1,176.36	1,417.95
Tax expense:			
- Current tax	18	483.68	490.47
- Deferred tax charge/(credit)	18	(45.15)	1.65
- Income tax, deferred tax and MAT credit of earlier years (net)	18	(28.24)	(7.73)
		410.29	484.39
Net Profit/(Loss) for the year (A)		766.07	933.56
Other Comprehensive Income			
(i) Items that will not be reclassified to profit or loss			
- Remeasurement gain/(losses) on defined benefit plans		94.53	(38.58)
(ii) Income tax relating to items that will not be reclassified to profit or loss		(23.79)	11.13
Total (1)		70.74	(27.45)
(i) Items that will be reclassified to profit or loss			
- Exchange gain/(loss) on translation of foreign operations (net)		(82.28)	(123.10)
(ii) Income tax relating to items that will be reclassified to profit or loss		-	-
Total (2)		(82.28)	(123.10)
Other Comprehensive Income (1+2) (B)		(11.54)	(150.55)
Total Comprehensive Income (A+B)		754.53	783.01
Total comprehensive income for the year attributable to:			
Equity holders of parent		754.53	783.01
Non-controlling interests		-	-
Profit/ (Loss) for the year attributable to:			
Equity holders of parent		766.07	933.56
Non-controlling interests		-	-
Other comprehensive income for the year attributable to:			
Equity holders of parent		(11.54)	(150.55)
Non-controlling interests		-	-
Earnings per equity share			
(a) Basic (Face value of Rs. 10 each)	34	4.44	5.41
(b) Diluted (Face value of Rs. 10 each)		4.44	5.41
Significant accounting policies & other notes	1 to 53		

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: 29th June, 2020

**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 Ojha

Chief Financial Officer

Consolidated Cash Flow Statement for the year ended 31st March 2020

(Rupees in lakhs)

Particulars	Note	2019 - 2020		2018 - 2019	
		Rupees	Rupees	Rupees	Rupees
A. CASH FLOW FROM OPERATING ACTIVITIES					
Net profit/(loss) before taxation			1,176.36		1,417.95
Adjustments for:					
Depreciation and amortization		766.33		625.84	
Allowance for doubtful debts/ other current assets utilised (net)		0.28		(0.50)	
Allowance for doubtful advance		1.95		1.36	
Allowance for contingency written back		-		(1.74)	
Unrealised foreign exchange (gain)/loss (net)		(116.14)		64.76	
(Profit)/loss on sale of fixed asset (net)		66.58		(12.12)	
Impairment of investment/goodwill (exceptional item)		270.00		-	
Interest expenses		764.39		820.76	
Interest income		(25.69)		(15.69)	
			1,727.70		1,482.67
Operating profit before changes in assets and liabilities			2,904.06		2,900.62
Movements in working capital : [Current and Non-current]					
(Increase)/decrease in loans and advances and other current assets		494.13		(120.06)	
(Increase)/decrease in inventories		211.20		(467.94)	
(Increase)/decrease in trade receivable		683.76		(296.74)	
Increase/(decrease) in trade payable, other current liabilities and provisions		(363.69)	1,025.40	332.77	(551.97)
			3,929.46		2,348.65
Adjustment for:					
Direct taxes paid [including tax deducted at source](net of refund)			(448.39)		(461.40)
Net cash generated/ (used in) from operating activities...(A)			3,481.07		1,887.25
B. CASH FLOW FROM INVESTING ACTIVITIES					
Purchase of fixed assets (tangible/intangible) (Including capital advances)		(840.90)		(1,205.16)	
Sale of fixed asset		1.26		8.96	
(Increase)/decrease in other bank balances and non-current assets		(1.03)		5.76	
[Other than cash and cash equivalent]					
Interest received		25.69		15.69	
		(814.98)		(1,174.75)	
Adjustment for:					
Direct taxes paid [including tax deducted at source]		(3.78)		(0.36)	
Net cash generated/(used in) from investing activities...(B)			(818.76)		(1,175.11)
C. CASH FLOW FROM FINANCING ACTIVITIES					
Proceeds from long term borrowing		315.58		532.19	
Repayment of long term borrowing		(1,160.77)		(942.13)	
Repayment of lease liabilities		(102.59)		(21.58)	
Increase/(decrease) in working capital loan (Net)		(723.37)		699.14	
Dividend/ interim dividend paid (Including dividend distribution tax)		(416.40)		-	
Interest paid on loans		(773.25)		(783.99)	
Net cash generated/(used) from financing activities...(C)			(2,860.80)		(516.37)
Net increase/(decrease) in cash and cash equivalents...(A + B + C)			(198.49)		195.77
Cash and cash equivalents at the beginning of the year	10 & 48	388.08		192.30	
Cash and cash equivalents at the end of the year		189.59		388.08	
Net increase/(decrease) in cash and cash equivalents			(198.49)		195.77
Significant accounting policies & other notes	1 to 53				

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: 29th June, 2020

**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 Ojha

Chief Financial Officer

Consolidated Statement of changes in equity for the year ended 31st March 2020

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			
For the year ended 31st March 2019									
Balance at 1st April 2018	1,727.00	515.98	13.94	211.60	1,373.61	114.58	(32.28)	2,197.43	- 3,924.43
Profit for the year	-	-	-	-	933.56	-	-	933.56	- 933.56
Remeasurements gains/(loss) on defined benefit plan	-	-	-	-	-	-	(27.45)	(27.45)	- (27.45)
Exchange differences on translation of foreign operations	-	-	-	-	-	(123.10)	-	(123.10)	- (123.10)
Consolidation adjustment on account of elimination of unrealised profit in opening inventory	-	-	-	-	(25.92)	-	-	(25.92)	- (25.92)
Balance as at 31st March 2019	1,727.00	515.98	13.94	211.60	2,281.25	(8.53)	(59.73)	2,954.52	- 4,681.52
For the year ended 31st March 2020									
Balance at 1st April 2019	1,727.00	515.98	13.94	211.60	2,281.25	(8.53)	(59.73)	2,954.52	- 4,681.52
Profit for the year	-	-	-	-	766.07	-	-	766.07	- 766.07
Remeasurements gains/(loss) on defined benefit plan	-	-	-	-	-	-	70.74	70.74	- 70.74
Exchange differences on translation of foreign operations	-	-	-	-	-	(82.28)	-	(82.28)	- (82.28)
Consolidation adjustment on account of elimination of unrealised profit in opening inventory	-	-	-	-	(111.08)	-	-	(111.08)	- (111.08)
Interim equity dividend	-	-	-	-	(345.40)	-	-	(345.40)	- (345.40)
Tax on interim equity dividend	-	-	-	-	(71.00)	-	-	(71.00)	- (71.00)
Balance as at 31st March 2020	1,727.00	515.98	13.94	211.60	2,519.84	(90.81)	11.01	3,181.56	- 4,908.56

Significant accounting policies & other notes 1 to 53

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: 29th June, 2020

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 Ojha

Chief Financial Officer

Notes on Consolidated Ind AS financial statements for the year ended 31st March, 2020

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 29th June, 2020.

2. Basis of preparation

2.1. Statement of compliance with Ind AS

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

The unaudited financial statements/financial information of WOS and SDS are certified by the Holding Company's management and have been prepared by the Holding Company in accordance with Ind AS.

The Group has consistently applied the accounting policies used in the preparation of its consolidated financial statements except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

2.2. Principles of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31st March, 2020. 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 when the Group obtains control over the subsidiary and ceases when the Group loses control of the

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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 st March 2020	As at 31 st March 2019
(A)	Wholly Owned Subsidiary company [WOS]			
1.	Pradeep Metals Limited Inc.	USA	100%	100%
(B)	Step Down Subsidiary [SDS]			
1.	Dimensional Machine Works, LLC	USA	100%	100%

Consolidation Procedure

- (a) Combine like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities 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 intragroup transactions that are recognized in assets, such as inventory and fixed assets, are eliminated in full). Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Ind AS 12 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.
- (d) Consolidated Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders 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

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) **During the year, the Group has recognized "Rights of use" of assets as per 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 the property, plant and equipment not covered in table above and are in accordance with schedule II are as follows:

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

The assets of WOS and SDS are depreciated considering the following useful life:

Particulars	Useful life
Plant & Machinery	7 – 10 Years
Furniture and Fixtures	5 – 7 Years
Vehicles	5 Years
Leasehold improvements	3 Years
Computers	7 Years

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

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

De-recognition

An item of property, plant and equipment and any significant part initially 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)	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

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

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

- Revenue from operation
 - ❖ The Group 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. Amounts disclosed as revenue are exclusive of excise duty (wherever applicable) and net of VAT, Service Tax (wherever applicable) and Goods and Service Tax (GST), discounts and other rebates etc.
 - ❖ Sale of goods is 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 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 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).
- Effective 1st April 2018, the Group has adopted Appendix B to Ind AS 21, Foreign Currency Transactions and Advance Consideration which clarifies that the date of transaction for the purpose

of determining the exchange rate to use on initial recognition of the related asset, expense or income when an entity has received or paid advance consideration in foreign currency. The effect on account of adoption of this amendment was insignificant.

- Translation of foreign operations

Financial statements of foreign operations are translated as under:

- a. Assets and Liabilities at the rate prevailing at the end of the year. Depreciation is accounted at the average rate prevailing during the year.
- b. Revenue and expenses at average rates prevailing during the year. Off Balance Sheet items are translated into Indian Rupees at year-end rates.
- c. Exchange differences arising on translation are accumulated in the Foreign Currency Translation Reserve until the disposal of such operations.

3.10. Employee benefits

- Short term employee benefits

All employee benefits falling due wholly within twelve months of rendering the service are classified as short term employee benefits and they are 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] are 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. Borrowing cost

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

3.12. Leases

Policy applicable from 1st April, 2019

The Group has applied Ind AS 116 - "Leases" from 1st April, 2019 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under Ind AS 17 - "Leases".

Right-of use assets were measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognized in the standalone balance sheet as at 31st March, 2019. The details of the changes in accounting policies are disclosed in note 4.2 and 37 of the standalone financial statements.

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.

Policy applicable before 1st April, 2019

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

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

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

Leasehold land considered as finance lease (grouped under non-current assets) is amortized over the period of lease.

3.13. Taxes on income

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

Provision for current tax is made as per the provisions of governing tax laws. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where applicable.

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are 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.

3.14. Cash and cash equivalent

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

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

3.15. 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.

3.16. 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.

3.17. Earnings per share

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

Diluted earnings per share is computed using the consolidated net profit for the year attributable to the shareholders' and weighted average number of equity and potential equity shares outstanding during the year including share options, convertible preference shares and debentures, except where the result would be anti-dilutive.

3.18. Financial instruments

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

3.18.1. 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.

3.18.2. Financial liability and equity instrument**Classification as debt or equity**

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

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are 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 18.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the 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.

3.19. New standards issued/modified effective from 1st April 2020 but not effective as at reporting date

Ministry of Corporate Affairs has not notified new standards or amendments to the existing standards which would have been effective from 1st April, 2020.

Notes on consolidated financial statements for the year ended 31st March 2020

4 Property, plant & equipment and intangible assets

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

(Rupees in lakhs)

Particulars	Gross block					Depreciation/amortization/Impairment					Net block		
	As at 1st April 2019	Adjustment	Additions	Deductions	Exchange Fluctuation	As at 31st March 2020	As at 1st April 2019	For the year	On deductions	Impairment	Exchange Fluctuation	As at 31st March 2020	As at 31st March 2020
Property, plant & equipment (Tangible assets)													
Freehold land	56.70	-	-	-	-	56.70	-	-	-	-	-	-	56.70
Factory buildings (Refer note 4.6)	1,488.10	-	240.00	-	-	1,728.10	124.35	57.58	-	-	-	181.93	1,546.17
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	2,286.98
Microwave Machinery (R & D)	149.11	-	-	-	-	149.11	149.11	-	-	-	-	149.11	-
Wind mill	1,246.21	-	-	-	-	1,246.21	167.20	56.26	-	-	-	223.45	1,022.75
Electrical installation	88.04	-	5.97	4.17	-	89.84	23.44	7.55	3.77	-	-	27.22	62.62
Office equipment	5.44	-	1.53	1.14	-	5.83	0.60	1.46	1.08	-	-	0.99	4.85
Computers	44.75	-	8.44	4.90	0.14	48.43	10.86	7.13	4.83	-	0.04	13.21	35.23
Furniture and fixtures	68.57	-	4.43	2.92	0.22	70.30	15.90	7.52	2.62	-	0.10	20.90	49.40
Vehicles	114.45	-	0.22	0.35	2.62	116.95	34.29	17.39	0.16	-	0.90	52.41	64.53
Dies	1,014.60	-	42.02	103.72	-	952.90	279.49	93.00	38.04	-	-	334.46	618.45
Leasehold Improvement	39.74	-	-	-	3.74	43.48	7.73	13.60	-	-	1.62	22.95	20.53
Sub-total (A)	7,026.92	-	1,036.22	140.02	99.54	8,022.68	1,642.36	642.42	72.15	-	41.84	2,254.47	5,768.21
Intangible assets (Other than internally generated)													
Software	94.90	-	0.74	-	2.29	97.93	32.37	16.29	-	-	1.01	49.67	48.26
Goodwill (refer note 4.13)	518.13	-	-	-	72.46	590.59	-	-	-	270.00	-	270.00	320.59
Microwave Composite Heating Furnace (SDF) (refer note 4.1 (a))	-	-	304.10	-	-	304.10	-	0.11	-	-	-	0.11	303.99
Sub-total (B)	613.03	-	304.84	-	74.75	992.62	32.37	16.40	-	270.00	1.01	319.78	672.84
Total [(A) + (B)]	7,639.95	-	1,341.06	140.02	174.29	9,015.30	1,674.73	658.82	72.15	270.00	42.85	2,574.25	6,441.05

Note 4.1

- a. During the year, the Holding Company has 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.

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4.2 Right of use asset (Refer note 37)

(Rupees in lakhs)

Particulars	Building	Leasehold Land	Total
Gross carrying value			
Balance as at 31st March, 2018	-	-	-
Additions in 2018-2019	-	-	-
Deletions in 2018-2019	-	-	-
Balance as at 31st March, 2019	-	-	-
Reclassification in 2019-20 (refer note 37)	-	55.81	55.81
Additions in 2019-2020	122.27	199.78	322.05
Deletions in 2019-2020	-	-	-
Balance as at 31st March, 2020	122.27	255.59	377.86
Accumulated amortization			
Balance as at 31st March, 2018	-	-	-
Charge for the year 2018-2019	-	-	-
Deletions in 2018-2019	-	-	-
Balance as at 31st March, 2019	-	-	-
Reclassification in 2019-20 (refer note 37)	-	15.50	15.50
Charge for the year 2019-2020	29.35	78.16	107.51
Deletions in 2019-2020	-	-	-
Foreign exchange fluctuation	-	5.10	5.10
Balance as at 31st March, 2020	29.35	98.76	128.11
Net carrying amount			
Balance as at 31st March, 2019	-	-	-
Balance as at 31st March, 2020	92.92	156.83	249.75

4.3 Depreciation

(Rupees in lakhs)

	2019-20	2018-19
Depreciation as per table 4.1 and 4.4	658.82	663.14
Depreciation as per table 4.2	107.51	-
Less: Depreciation allocated to intangible assets under development	-	37.28
Net depreciation as per statement of profit & loss	766.33	625.84



4.4 Property, plant & equipment and intangible assets as at 31st Mar 2019

(Rupees in lakhs)

Particulars		Gross block				Depreciation			Net block			
	At 1st April 2018	Additions	Deductions	Foreign Exchange adjustment	At 31st March 2019	At 1st April 2018	For the year	On deductions	Foreign Exchange adjustment	At 31st March 2019		
Property, plant & equipment (Tangible assets)	Freehold land	56.70	-	-	-	56.70	-	-	-	-		
	Factory buildings	1,419.69	68.41	-	-	1,488.10	71.50	52.85	-	124.35		
	Plant and machinery	2,658.50	352.88	357.21	57.03	2,711.20	627.55	353.79	18.53	829.39		
	Microwave Machinery (R & D)	149.11	-	-	-	149.11	111.83	37.28	-	149.11		
	Wind mill	1,234.71	11.50	-	-	1,246.21	110.89	56.31	-	167.20		
	Electrical installation	68.36	19.68	-	-	88.04	17.08	6.36	-	23.44		
	Office equipment	4.50	2.60	1.66	-	5.44	1.03	1.15	-	0.60		
	Computers	33.66	13.24	2.23	0.08	44.75	7.95	5.08	2.17	10.86		
	Furniture and fixtures	54.76	13.66	-	0.15	68.57	9.70	6.16	-	0.04		
	Vehicles	130.14	28.08	46.57	2.80	114.45	38.88	24.98	31.05	1.48		
	Dies	919.13	97.04	1.57	-	1,014.60	181.34	98.19	0.04	-		
	Leasehold Improvements	-	40.05	-	(0.31)	39.74	-	7.79	-	(0.06)		
	Sub-total (A)	6,729.27	647.14	409.24	59.75	7,026.92	1,177.75	649.94	205.32	19.99	1,642.36	
	Intangible assets (Other than internally generated)											
		Software	91.59	2.88	-	0.43	94.90	19.08	13.20	-	0.09	32.37
		Goodwill on acquisition	459.92	-	-	58.21	518.13	-	-	-	-	-
Sub-total (B)		551.51	2.88	-	58.64	613.03	19.08	13.20	-	0.09	32.37	
Total [(A) + (B)]		7,280.77	650.02	409.24	118.39	7,639.95	1,196.83	663.14	205.32	20.08	1,674.73	

(Rupees in lakhs)

4.5 Particulars

Depreciation as per table 4.4

Less: Depreciation allocated to intangible assets under development

Net depreciation as per statement of profit & loss

2018-19
663.14
37.28
625.84

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

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4.7 Movement of capital work in progress

(Rupees 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
Closing capital work in progress	148.05	46.72	0.00	194.77

(Rupees in lakhs)

Particulars	2018-19			
	P & M	Building	Others	Total
Opening capital work in progress	6.48	19.15	-	25.63
Add: Addition during the year	699.37	142.32	12.28	853.97
Less: Assets capitalized/reversed during the year	169.37	39.74	11.80	220.91
Closing capital work in progress	536.48	121.73	0.48	658.69

4.8 Movement of intangible assets under development

(Rupees in lakhs)

Particulars	2019-20	2018-19
Opening intangible under development	431.74	286.21
Add: Additions during the year (Refer note 4.9)	86.36	145.53
Less: Reversed during the year	-	-
Less: Intangible capitalized during the year	518.10	-
Closing capital work in progress	-	431.74

4.9 Details of direct expenses and allocated indirect expenses incurred for intangible assets under development during the financial year 2019-20

(Rupees in lakhs)

Particulars	FY 2019-20	FY 2018-19
Salary & Wages	35.37	36.17
Professional Fees	37.74	43.54
Repairs & Maintenance Expenses	0.08	2.26
Materials, Stores & Spares	11.39	12.76
Other Expenses	1.78	13.53
Depreciation	-	37.27
Total	86.36	145.53

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

Description	Carrying amount as at (Rs. in lakhs)		Remaining useful life as at (months)	
	31-Mar-20	31-Mar-19	31-Mar-20	31-Mar-19
Epicore software	37.80	44.12	64	76
Mastercam Mill 3D Purchase	2.71	5.49	9	21
HR software	1.61	3.11	10	22
Microwave composite heating furnace (SDF)	303.99	-	84	-
Other software's	4.52	5.43	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 16.1) and in respect of foreign currency term loan of USD 2.15 million outstanding as on 31st March 2020 (Outstanding as on 31st March 2019 : USD 2.47 Million) taken by Pradeep Metals Limited, Inc.(Wholly Owned Subsidiary) in USA 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. The overdraft facility of USD 1.00 million taken by Pradeep Metals Limited, Inc. (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:

(Rupees in lakhs)

	As at 31st March 2020	As at 31st March 2019
Cost	46.48	46.48
Accumulated depreciation	15.32	6.80
Exchange adjustment	2.96	(0.31)
Net carrying amount	34.12	39.37

4.13 Considering the continuing losses in Step Down Subsidiary (SDS) and SDS's management's assessment of financial impact on account of Covid-19 on future cash flows, provision for impairment of goodwill amounting to Rs. 270 lakhs (USD 356,836) has been made during the year ended 31st March, 2020. 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 2020.

(Rupees in lakhs)

5	Investments - Others	As at 31st March 2020	As at 31st March 2019
	Non current Investment		
	Unquoted equity instruments (fully paid)		
	Equity shares at FVTPL		
	TJSB Sahkari Bank Limited	0.05	0.05
	100 (Previous year : 100) shares of Rs. 50 each		
	Total	0.05	0.05

5.1 Other disclosures of investment

Aggregate value of unquoted investment	0.05	0.05
Market value of unquoted investment	-	-
Aggregate amount of impairment in value of investment	-	-

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(Rupees in lakhs)

6	Other non-current financial assets (Unsecured, considered good unless otherwise stated)	As at 31st March 2020	As at 31st March 2019
	Security deposits	53.27	58.60
	Other receivables	2.90	2.64
	Deposit with bank (under lien) having remaining maturity more than 12 months	12.14	0.80
	Total	68.31	62.04

- 6.1** Bank deposits aggregating to Rs. 12.14 lakh (Previous year : Rs. 0.80 lakh) are under lien with bank towards guarantees issued by bank.

(Rupees in lakhs)

7	Other non-current assets (Unsecured, considered good unless otherwise stated)	As at 31st March 2020	As at 31st March 2019
	Capital advances		
	- Consider good	346.34	347.78
	- Considered doubtful	1.36	1.36
		347.70	349.14
	Less:- Allowance for bad and doubtful advances	(1.36)	(1.36)
		346.34	347.78
	Prepaid expenses	8.91	0.40
	Leasehold land	-	40.30
	Custom bond deposit	113.50	-
	Total	468.75	388.47

(Rupees in lakhs)

8	Inventories (Also refer note 16.1 & 19.1) (At lower of cost or net realisable value unless otherwise stated)	As at 31st March 2020	As at 31st March 2019
	Raw material - Steel	1,013.72	1,331.23
	Raw materials (Dies)	58.95	62.39
	Work-in-progress	1,935.30	1,706.78
	Finished goods (refer note 8.1)	863.78	1,020.62
	Stores, spares and consumables	127.17	103.16
	Scrap (At net realisable value)	8.01	30.21
	Stock in Trade	7.59	-
	Total	4,014.53	4,254.38

- 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. 75.66 lakhs (USD 100,000). (P.Y. Rs. Nil , USD Nil)
- 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.

(Rupees in lakhs)

9	Trade receivables (Unsecured, considered good unless otherwise stated)	As at	As at
		31st March 2020	31st March 2019
	Unsecured		
	Considered good	4,112.48	4,526.19
	Considered doubtful	0.73	0.45
		4,113.21	4,526.64
	Less: Allowance for doubtful receivables	0.73	0.45
	Total	4,112.48	4,526.19

- 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 For details of outstanding receivables from related parties. (Refer note 38.3)
- 9.3 Trade receivables are non - interest bearing and are generally on terms of 30 to 270 days.
- 9.4 Trade receivable includes export bills aggregating to Rs.573.44 lakhs (Previous year : Rs.1,644.74 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.
- 9.5 Trade receivable includes Rs. Nil (Previous year Rs. Nil) receivable from private company having common director.
- 9.6 Refer note 41 for policy on expected credit loss

(Rupees in lakhs)

10	Cash and cash equivalents and other bank balances	As at	As at
		31st March 2020	31st March 2019
	Cash and cash equivalents		
	Cash on hand	1.30	1.75
	Balances with banks		
	- In current accounts	188.29	361.33
	- In fixed deposits	-	25.00
	Total	189.59	388.08
	Other bank balances		
	- In fixed deposits having remaining maturity less than 12 months (Refer note 10.2)	8.65	12.47
	- Earmarked balances (on unclaimed dividend account) (Refer note 10.3)	24.63	19.78
	Total	33.28	32.25

- 10.1 Bank deposits earns interest at fixed rates.
- 10.2 Bank deposits aggregating to Rs. 8.65 lakhs (Previous year : Rs. 12.47 lakhs) are under lien with banks towards guarantees issued by bank.
- 10.3 Earmarked balance for unpaid dividend accounts includes Rs.2.74 lakhs (Previous year : Rs. Nil) for which necessary formalities were completed subsequent to year end by the bank.

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(Rupees in lakhs)

11	Loans (Unsecured, considered good unless otherwise stated)	As at 31st March 2020	As at 31st March 2019
	Other loans		
	Loan to employees	7.49	9.65
	Total	7.49	9.65

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.

(Rupees in lakhs)

12	Other current financial assets (Unsecured, considered good unless otherwise stated)	As at 31st March 2020	As at 31st March 2019
	Export incentive receivable - Considered good	164.17	241.07
	Sales tax refund receivable	6.12	32.51
	Balance with government authorities	99.77	336.20
	Amount recoverable from customers (Dies)	4.79	34.02
	Interest Accrued on Fixed Deposits	0.05	0.23
	Other receivables*	29.30	29.53
	Total	304.20	673.56

*Other receivables includes interest receivables, stamp duty receivables, etc.

12.1 Break up of financial assets carried at amortised cost (Rupees in lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019
Loans (Refer note 11)	7.49	9.65
Other financial assets (Refer note 6 & 12)	372.51	735.60
Trade receivables (Refer note 9)	4,112.48	4,526.19
Cash & cash equivalents (Refer note 10)	189.59	388.08
Other bank balance (Refer note 10)	33.28	32.25
Total	4,715.35	5,691.77

12.2 Break up of financial assets carried at fair value through P&L (Rupees in lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019
Investments (Refer note 5)	0.05	0.05
Total	0.05	0.05

(Rupees in lakhs)

13	Other current assets (Unsecured, considered good unless otherwise stated)	As at 31st March 2020	As at 31st March 2019
	Advance to suppliers (other than capital advance)	23.90	25.96
	Considered doubtful	1.95	-
		25.85	25.96
	Less:- Allowance for bad and doubtful advances	1.95	-
		23.90	25.96
	Prepaid expenses	100.50	90.74
	Input tax credit receivable	31.52	168.57
	Current portion of leasehold land	-	0.60
	Total	155.92	285.86

13.1 No advances are due from directors or other officers of the Group either severally or jointly with any other person.

14 Share capital (Rupees in lakhs)

14.1	Authorised capital	As at 31st March 2020	As at 31st March 2019
	Equity share capital		
	18,500,000 (Previous year : 18,500,000) Equity Shares of Rs. 10 each	1,850.00	1,850.00
	Preference share capital		
	550,000 (Previous year : 550,000) Preference Shares of Rs.100 each	550.00	550.00
	Total	2,400.00	2,400.00

(Rupees in lakhs)

14.2	Issued, subscribed and paid-up capital	As at 31st March 2020	As at 31st March 2019
	Issued		
	17,270,000 (Previous year : 17,270,000) Equity Shares of Rs.10 each	1,727.00	1,727.00
	Issued, subscribed and paid-up		
	17,270,000 (Previous year : 17,270,000) Equity Shares of Rs.10 each	1,727.00	1,727.00
	Total	1,727.00	1,727.00

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.

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(Rupees in lakhs)

14.4	Reconciliation of number of equity shares outstanding at the beginning and at the end of the reporting year	As at 31st March 2020	As at 31st March 2019
	Shares outstanding at beginning of the year	17,270,000	17,270,000
	Shares issued during the year	-	-
	Shares bought back during the year	-	-
	Shares outstanding at the end of the year	17,270,000	17,270,000

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

Name of shareholder	As at 31st March 2020		As at 31st March 2019	
	Number of Shares	% of holding	Number of Shares	% of holding
Mr. Pradeep Goyal	1,576,400	9.13	1,576,400	9.13
Mrs. Neeru P. Goyal	919,927	5.33	919,927	5.33
Nami Capital Private Limited [formerly known as Rabale Engineering (I) Private Limited]*	9,972,542	57.74	9,972,542	57.74

*In previous year, S. V Shah Constructions Services Private Limited was amalgamated with Rabale Engineering (India) Private Limited. Post Amalgamation, Rabale Engineering (India) Private Limited changed its name to Nami Capital Private Limited. Updation of demat account with bank is in process.

14.6 Shares held by ultimate holding company

Name of shareholder	As at 31st March 2020		As at 31st March 2019	
	Number of Shares	% of holding	Number of Shares	% of holding
Nami Capital Private Limited	9,972,542	57.74	9,972,542	57.74

15 Securities premium

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

(Rupees in lakhs)

16	Borrowings (Non current)	As at 31st March 2020	As at 31st March 2019
	Secured		
	Term loans		
	From banks		
	- Foreign currency loan [Refer note 16.1 (i) and 16.2]	767.73	1,010.12
	- Rupee loan [Refer note 16.1 (i) and 16.2]	269.18	486.71
	- Vehicle loan [Refer note 16.1 (iii) and 16.2]	-	11.13
	- Term loan [Refer note 16.1 (ii) and 16.2]	966.73	1,459.17
	From other parties		
	- Machinery loan [Refer note 16.1 (iv) and 16.2]	28.58	49.73
	Long term maturities of finance lease obligations [Refer note 16.2]	-	5.22
	Total	2,032.22	3,022.08

16.1 Details of security provided

(i) In case of holding company, term loans (Foreign currency loans & Rupee loans) are secured by charge on pari passu basis on fixed assets of the Holding Company (present and future) and second charge on current assets. The loans are further secured by personal guarantee of Chairman and Managing Director of the Holding Company.

(ii) In case of 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 from bank is secured against hypothecation of the vehicle against which the loan has been taken. The loan is further secured by personal guarantee of Chairman and Managing Director and one Director of the Holding Company.

(iv) Machinery loan taken by SDS is secured against hypothecation of machine. Further, machinery loan is guaranteed by WOS.

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

(Rupees in lakhs)

Borrowings	As at 31st March 2020	As at 31st March 2019
Term loan - X Repayable in 16 quarterly installments of Rs. 29.00 lakhs each starting from September 2017.	12.15	35.35
Working Capital Term Loan (INR) Repayable in 17 quarterly installments of Rs. 30.00 lakhs each starting from September 2017.	34.00	100.00
Term loan XII Repayable in 20 quarterly installments of Rs. 18.00 lakhs each starting from June 2018.	171.09	231.96
Foreign currency term loan VIII Repayable in 16 quarterly installments of Rs. 30.00 lakhs each starting from June 2016.	1.20	118.84
Foreign currency term loan IX Repayable in 21 quarterly installments of Rs. 50.00 lakhs each starting from January 2017.	356.07	533.01
Foreign currency term loan X Repayable in 16 quarterly installments of Rs. 29.00 lakhs each starting from September 2017.	89.25	187.86
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 April 2018.	549.54	610.22
Term loan XIII Repayable in 20 quarterly installments of Rs. 22.50 lakhs each starting from July 2019.	224.65	178.75
Term loan XIV Repayable in 20 quarterly installments of Rs. 16.50 lakhs each starting from Oct 2019.	22.56	113.15

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(Rupees in lakhs)

Borrowings	As at 31st March 2020	As at 31st March 2019
Foreign currency term loan XIV Repayable in 20 quarterly installments of Rs. 16.50 lakhs each starting from Oct 2019.	167.83	-
Foreign currency - Working Capital Term Loan Repayable in 17 quarterly installments of Rs. 30.00 lakhs each starting from September 2017.	152.53	196.19
Term loan XV Repayable in 17 quarterly installments of Rs. 17.70 lakhs each starting from Dec 2020.	60.84	-
Vehicle loan (i) In case of holding company, repayable in 60 equated monthly installment of Rs. 1.56 lakhs (including interest) each starting from February 2016. (ii) In case of SDS, vehicle loan is repayable in 48 installments from July 2015.	13.39	29.86
Term loan (i) USD 20,00,000 repayable in quarterly installments [3 installments of USD 1,00,000, 12 installments of USD 50,000 and 5 installments of 2,20,000] starting from 31st October 2016 till 31st July 2021. (ii) USD 12,00,000 repayable in quarterly installments [12 installments of USD 40,000 and 6 installments of 1,20,000] starting from 31st December 2018 till 31st January 2023.	1,625.02	1,708.13
Machinery loan - repayable in installments till August 2022	47.73	63.74
Lease obligation are repayable in 8 quarterly installments from the date of disbursement of respective loans	5.14	24.53
Total	3,532.99	4,131.60

Above figures are including current maturity as disclosed in note 21.

(Rupees in lakhs)

17	Provisions (Non current)	As at 31st March 2020	As at 31st March 2019
	Provision for employee benefits		
	- Leave benefits [Refer note 46 (b)]	26.97	47.23
	- Gratuity [Refer note 46 (a)]	-	27.14
	Total	26.97	74.36

18 Income & deferred taxes

The major components of income tax expense for the years ended 31st March 2020 & 31st March 2019 are as under:

18.1 Statement of profit & loss

(Rupees in lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019
Current income tax		
Current income tax charge	483.68	490.47
Deferred tax		
Relating to origination and reversal of temporary differences of current year	(45.15)	1.65
Income tax and deferred tax of earlier years (net)	(28.24)	(7.73)
Tax expense reported in the statement of profit & loss	410.29	484.39

18.2 Other comprehensive income (OCI)

(Rupees in lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019
Deferred tax related to items recognised in OCI		
Re-measurement of defined benefit plans	23.79	(11.13)
Deferred tax charge/(credit)	23.79	(11.13)

18.3 Reconciliation of tax expenses and the accounting profit multiplied by applicable tax rate for 31st March 2020 and 31st March 2019

(Rupees in lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019
Accounting profit before tax from operations	1,176.36	1,417.95
Applicable income tax rate	25.17%	29.12%
	296.07	412.91
- Permanent differences (Provision for impairment in Investment, donation etc.)	78.66	3.41
- Difference due to reduction in tax rate (refer note 18.3.1)	(67.60)	-
- Income tax and deferred tax of earlier years (net)	(28.24)	(7.73)
- Losses of subsidiaries (refer note 18.7)	131.40	75.80
Subtotal	410.29	484.39

- 18.3.1** In the year ended 31st March 2020, the Holding Company has 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 has 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) is recognized during the year ended 31st March 2020.

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18.4 Deferred tax liabilities (net)

(Rupees in lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019
Deferred tax relates to the following:		
Differences in depreciation and amortization for accounting and income tax purposes	485.38	527.05
Provision for doubtful debts/advances	(0.18)	(0.53)
Provision for NMMC cess liability	(0.07)	(18.26)
Provision for employee benefits	(37.70)	(47.40)
Right of use asset	(1.12)	-
Net deferred tax liabilities	446.30	460.86

18.5 Reflected in the balance sheet as follows

(Rupees in lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019
Deferred tax assets	(39.08)	(66.19)
Deferred tax liabilities	485.38	527.05
Deferred tax liabilities (net)	446.30	460.86

18.6 Deferred tax expenses/(income)

(Rupees in lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019
Deferred tax relates to the following:		
Differences in depreciation and amortization for accounting and income tax purposes	(41.67)	(9.52)
Provision for doubtful debts/advances	0.34	4.05
Provision for NMMC cess liability	18.19	(0.12)
Provision for employee benefits	9.70	(6.16)
Right of use asset	(1.12)	-
Net deferred tax charge/(credit) (including amount pertaining to previous years & shown under OCI)	(14.56)	(11.74)

18.7 The Group offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority and intends either to settle on a net basis. Further, in view of uncertainty of its reversal in future, deferred tax assets are not recognised on brought forward losses and current year losses of subsidiaries.

(Rupees in lakhs)

19	Borrowings (Current)	As at 31st March 2020	As at 31st March 2019
	Secured		
	From bank		
	Working capital loans		
	- Cash credit (Repayable on demand) [Refer note 19.1 (a)]	1,932.94	1,420.86
	- Packing credit [Refer note 19.1 (b)]	2,445.78	2,458.40
	- Bills discounted [Refer note 19.1 (c)]	573.44	1,644.74
	Total	4,952.16	5,524.01

19.1 Details of security provided on working capital loans

a) Cash credit (secured)

- Working capital loans are secured by first charge by way of hypothecation of stocks of semi-finished and finished goods, raw materials, consumable stores and spares (also refer note 8), book debts (also refer note 9) including bills discounted/purchased and second charge on its fixed assets of Holding Company and second charge on fixed assets of Holding Company. The loans are further secured by personal guarantee of Chairman & Managing Director of the Company. Cash credit is repayable on demand.
- For the Working capital overdraft limit taken by Wholly Owned Subsidiary, Holding Company has provided Standby Letter of Credit based on the unused credit facility available with in India.

b) Pre/Post shipment packing credit

The loan is secured against hypothecation of stocks of semi finished and finished goods, raw materials, work-in-progress, consumables stores and spares (also refer note 8), book debts (also refer note 9), etc. Pershipment packing credit - foreign currency (secured & unsecured) is repayable within 180 days.

c) Bill discounting with banks

The loan is secured against hypothecation of stocks of semi finished and finished goods, raw materials, work-in-progress, consumable stores and spares (also refer note 8), book debts (also refer note 9) etc. Bill discounting with banks is repayable within 30 to 270 days.

- All the working capital loans from Union bank of India are secured by personal guarantee of Chairman and Managing director of the Holding Company.

(Rupees in lakhs)

20	Trade payables	As at 31st March 2020	As at 31st March 2019
	Trade payables (including acceptances)		
	- Dues to micro & small enterprises [Refer note 20.1]	24.21	35.73
	- Dues to other than micro & small enterprises (including related parties payables)	1,175.60	1,745.82
	Total	1,199.81	1,781.55

20.1 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.

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

(Rupees in lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019
Principal amount due to supplier under MSMED Act, 2006	24.21	35.73
Interest accrued and due to suppliers under MSMED Act, 2006 on the above amount	-	0.12
Payment made to suppliers (other than interest) beyond the appointed day, during the year	-	53.72
Interest paid to supplier under MSMED Act, 2006 (other than section 16)	1.05	-
Interest paid to suppliers under MSMED Act, 2006 (Section 16)	-	0.93
Interest due to payable to suppliers under MSMED Act, 2006 for payments already made	-	0.12
Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act, 2006	-	-

20.3 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 38.3)

(Rupees in lakhs)

21 Other current financial liabilities	As at 31st March 2020	As at 31st March 2019
Current maturity of long term borrowings		
- Machinery loan	19.15	14.01
- Term loan	658.29	248.96
- Rupee loan	256.11	172.50
- Foreign currency loan	548.69	636.00
- Vehicle loan	13.39	18.73
Current maturity of finance lease obligations	5.14	19.31
Interest accrued but not due	26.64	35.50
Trade payable for capital goods	29.03	80.53
Unpaid dividend	24.63	19.78
Accrued expenses	425.85	384.86
Salary and wages payable	242.99	182.41
Amount payable to OSHA	3.67	-
Other liabilities*	106.34	127.58
	2,359.92	1,940.17

*Other liabilities includes amount deducted from employees and payable to various authorities, interest payable.

21.1 Break up of financial liabilities carried at amortised cost

(Rupees in lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019
Borrowings (refer note no.16 & 19)	6,984.38	8,546.09
Lease liabilities (refer note no. 37)	219.46	-
Other financial liabilities (refer note no.21)	2,359.92	1,940.17
Trade payable (refer note no.20)	1,199.81	1,781.55
Total	10,763.57	12,267.81

(Rupees in lakhs)

22 Other current liabilities	As at 31st March 2020	As at 31st March 2019
Unearned revenue (tooling charges)	27.71	-
Advances from customers	-	2.74
Statutory liabilities	135.69	39.38
Total	163.40	42.12

(Rupees in lakhs)

23 Provisions (Current)	As at 31st March 2020	As at 31st March 2019
Provision for employee benefits		
- Leave benefits [Refer note 46 (b)]	122.84	115.56
- Gratuity [Refer note 46 (a)]	39.65	83.99
Provision for contingency (Refer note 23.1)	0.28	2.41
Total	162.77	201.97

23.1 Movement of provision for contingencies

(Rupees in lakhs)

Particulars	Margin on sales return (a)	NMMC (b)	Total (a+b)
Opening balance as on 1st April 2018	1.85	0.15	2.00
Add: Provision made	2.25	-	2.25
Less: Utilised/paid	1.85	-	1.85
Less: Write back	-	-	-
Closing balance as on 31st March 2019	2.25	0.15	2.40
Add: Provision made	0.13	-	0.13
Less: Utilised/paid	2.25	-	2.25
Less: Write back	-	-	-
Closing balance as on 31st March 2020	0.13	0.15	0.28

Note :

Provision for contingency represents provision for (a) margin on subsequent sales return and (b) provision for disputed Navi Mumbai Municipal Cess ('NMMC'). In respect of (a) the outflow is expected to be within a period of one year. In respect of (b), the holding company had paid Rs.60.29 lakhs under protest. During the previous year, holding company has adjusted the payment under protest to the extent of expected liability though the outcome of appeal is pending to be received. Expected outflow of interest/penalty depends on outcome of the appeal filed.

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		(Rupees in lakhs)	
24	Revenue from operations	Year ended 31st March 2020	Year ended 31st March 2019
	Sale of products	17,230.88	16,742.10
	Sale of services		
	Job work and tooling charges	106.07	73.57
	(A)	17,336.95	16,815.67
	Other operating revenues		
	- Export incentives	429.06	405.53
	- Sale of electricity - windmill	234.16	216.26
	- Insurance claim	29.80	-
	- Scrap sales	1,458.39	1,665.10
	- Sundry balances written back	5.58	42.33
	- Provision for Leave benefits Written Back	29.23	-
	(B)	2,186.22	2,329.22
	Total	19,523.17	19,144.89
	(A+B)		

24.1 Disclosures of Ind AS 115:

Effective from 1st April 2018, the Group has applied Ind AS 115, which establishes a comprehensive framework for determining whether, how much and when revenue is to be recognised. Ind AS 115, 'Revenue from contracts with customers' replaces Ind AS 18, 'Revenue' and Ind AS 11, 'Construction Contracts'.

Adoption of new standard does not have any impact on revenue recognition for current year as well as earlier years. Refer Significant accounting policies on Revenue recognition.

(a) Contracts with customer and significant 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 24 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 24 above, note 43.1 and note 43.4 (i)
- (ii) Refer note 43.4(iii) for details regarding customer concentration that represents 10% or more of the Group's total revenue during the year ended 31st March 2020 and 31st March 2019.

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

		(Rupees in lakhs)
Particulars	Year ended 31st March 2020	Year ended 31st March 2019
Contracted price	19,574.42	19,197.45
Less: Reductions towards variable consideration components	51.25	52.56
Revenue recognised	19,523.17	19,144.89

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

- 24.3** The Group receives government assistance in the form of MEIS license and duty drawback, which are issued to eligible importer. Above revenue includes MEIS and duty drawback income of Rs. 429.07 Lakhs (Previous year: Rs. 405.53 Lakhs). Out of the revenue recognised certain amount will be received from government upon receipt of balance amount from customer and fulfillment of other procedural formalities.

(Rupees in lakhs)

25 Other income	Year ended 31st March 2020	Year ended 31st March 2019
Interest income on		
- Fixed deposit	0.61	1.10
- Others	25.08	14.59
Provision for contingencies written back (refer note 23.1) (net)	-	1.74
Miscellaneous income*	21.51	31.13
Profit on sales of assets (net)	0.53	12.12
Foreign exchange fluctuation - gain (net)	161.45	45.91
Total	209.18	106.58

* Miscellaneous income includes sundry scrap & miscellaneous recoveries.

(Rupees in lakhs)

26 Cost of raw materials consumed	Year ended 31st March 2020	Year ended 31st March 2019
Inventory at the beginning of the year	1,331.23	1,034.08
Add : Purchases	8,209.61	8,689.91
	9,540.84	9,723.99
Less : Inventory at the end of the year	1,013.72	1,331.23
Cost of raw materials consumed	8,527.12	8,392.76

(Rupees in lakhs)

27 Changes in inventories of work-in-progress and scrap	Year ended 31st March 2020	Year ended 31st March 2019
Inventory at the beginning of the year		
Finished Goods	1,020.62	974.08
Work-in-progress	1,706.78	1,569.80
Scrap	30.21	28.56
(A)	2,757.61	2,572.43
Inventory at the end of the year		
Finished Goods (Refer note no. 8.1)	659.25	1,020.62
Work-in-progress	1,935.30	1,706.78
Scrap	8.01	30.21
Goods in Transit	204.54	-
Stock of Trade Goods	7.59	-
(B)	2,814.69	2,757.61
Total	(A-B) (57.08)	(185.17)

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(Rupees in lakhs)

28	Manufacturing expenses	Year ended 31st March 2020	Year ended 31st March 2019
	Dies expenses	156.04	255.44
	Consumption of Stores & Spares	594.18	562.08
	Miscellaneous freight inward and other expenses	91.10	75.76
	Power, fuel and water	1,004.46	947.66
	Insurance expenses	83.93	67.98
	Repairs and maintenance		
	- Plant and machinery	324.65	208.90
	- Windmill maintenance charges	24.68	22.43
	- Building	26.10	3.34
	Contract labour expense	441.93	448.63
	Job work expenses	1,211.88	1,228.85
	Rent (refer note 37)	94.63	178.36
	Other manufacturing expenses	2.75	12.18
	Total	4,056.33	4,011.61

(Rupees in lakhs)

29	Employee benefit expense	Year ended 31st March 2020	Year ended 31st March 2019
	Salaries, wages and bonus (including managerial remuneration)	2,579.17	2,347.94
	Contribution to provident and other funds (Refer note 47)	189.04	186.98
	Gratuity and leave benefit expenses [Refer note 46 (a) and note 46 (b)]	84.89	83.34
	Workmen and staff welfare expenses	71.36	56.75
	Total	2,924.46	2,675.01

(Rupees in lakhs)

30	Finance costs	Year ended 31st March 2020	Year ended 31st March 2019
	Interest on bank facilities	578.61	605.12
	Other interest costs*	49.27	32.63
	Bank charges	84.32	102.28
	Foreign exchange loss (attributable to finance cost) (Refer note 30.1)	52.19	80.74
	Total	764.39	820.76

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

30.1 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.

(Rupees in lakhs)

31	Other expenses	Year ended 31st March 2020	Year ended 31st March 2019
	Freight outward	513.76	537.80
	Professional and legal fees	182.91	194.89
	Relocation expenses	1.27	70.10
	Travelling and conveyance	70.71	100.68
	Rent	67.31	-
	Rates and taxes	109.92	295.74
	Repairs and maintenance - Others	28.64	18.48
	Payment to auditors	21.98	27.47
	Directors sitting fees	13.25	17.75
	Sundry balance written off	5.39	0.75
	Bad debts written off	0.31	10.69
	Allowance for doubtful trade receivable	0.28	(0.50)
	Allowance for doubtful advances	1.95	1.36
	Corporate Social Responsibility	25.34	17.72
	Donation	7.13	1.29
	Loss on sale and discard of fixed assets	67.11	-
	Miscellaneous expenses*	187.18	198.49
	Total	1,304.44	1,492.71

* Miscellaneous expenses includes office expenses, loss on sale of MEIS licenses, printing, stationery, postage, security, selling, communication etc.

32	Exceptional item	Year ended 31st March 2020	Year ended 31st March 2019
	Particulars		
	Impairment of goodwill [refer note 4.13 & 40(a)]	270.00	-
	Total	270.00	-

(Rupees in lakhs)

33 Components of Other Comprehensive Income (OCI)

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

Particulars	Attributable to owners			Total
	During the year ended 31st March 2020	Exchange differences on translation of foreign operations	Tax	
Re-measurement gains (losses) on defined benefit plans	94.53	-	(23.79)	70.74
Exchange differences on translation of foreign operations	-	(82.28)	-	(82.28)
Total	94.53	(82.28)	(23.79)	(11.54)

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(Rupees in lakhs)

Particulars	Attributable to owners			Total
	During the year ended 31st March 2019	Exchange differences on translation of foreign operations	Tax	
Re-measurement gains (losses) on defined benefit plans	(38.58)	-	11.13	(27.45)
Exchange differences on translation of foreign operations	-	(123.10)	-	(123.10)
Total	(38.58)	(123.10)	11.13	(150.55)

34 Earnings per equity share

Particulars	Year ended 31st March 2020	Year ended 31st March 2019
Numerator for basic and diluted EPS		
Net profit after tax attributable to shareholders of parent (before OCI) (in Rs. lakhs) (A)	766.07	933.56
Denominator for basic EPS		
Weighted average number of equity shares for basic EPS (B)	17,270,000	17,270,000
Denominator for diluted EPS		
Weighted average number of equity shares for diluted EPS (C)	17,270,000	17,270,000
Basic earnings per share of face value of Rs.10/- each (in Rs.) (A/B)	4.44	5.41
Diluted earnings per share of face value of Rs.10/- each (in Rs.) (A/C)	4.44	5.41

35 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:

(Rupees in lakhs)

Particulars	Year ended 31st March 2020	Year ended 31st March 2019
(a) Letters of guarantee issued by bank	73.18	62.45
(b) Stand by letter of credit issued by the Holding Company for loans taken by Pradeep Metals Limited, Inc. wholly owned subsidiary USD 1,000,000 (Previous year : Nil). Outstanding as on 31st March 2020 - USD 1,000,000 (Previous year : Nil) (Refer Notes 4.10)#	756.65	-
(c) Claim against the Company not acknowledged as debts (net)	26.25	26.25
(d) Claim for Navi Mumbai Municipal Cess payable	-	-
(e) Corporate guarantees given for loans taken by Pradeep Metals Limited, Inc. wholly owned subsidiary USD 3,200,000 (Previous year : USD 3,200,000). Maximum amount payable as per guarantee is USD 4,000,000 (Previous year : USD 4,000,000) Outstanding as on 31st March 2020 - USD 2,150,000 (Previous year : USD 2,470,000) (Refer Notes 4.10 & 5.1)#	1,626.80	1,708.13

#Converted in INR at exchange rate of year end i.e. Rs. 75.665 (Previous year : Rs. 69.155)

- (i) In respect of (a),(b) and (e) above, the Holding Company does not expect any cash outflow till such time contractual obligations are fulfilled.
- (ii) In respect of (c) and (d) above, future cash out flows (including interest/penalty) are determinable on receipt of judgments from tax authorities/labour court.
- (B) The Holding Company had received demand of Rs. 87.16 lakhs (Previous year : Rs. 118.51 lakhs) under the Income Tax Act for financial years 2011-12, 2012-13, 2013-14 and 2018-19 as per which the department has withhold refund to the extent of credit of dividend taxes paid. In this regard, the Holding Company has filed rectification application seeking to give credit of taxes paid and after rectification, no demand will be payable. The Holding Company does not expect any demand from tax department and hence not disclosed under contingent liability.

36 Capital and other commitments

Capital commitment for tangible assets (net of advance paid) - Rs.248.82 lakhs (Previous year : Rs. 328.95 lakhs). There are no other commitments. Capital commitment for intangible assets (net of advance paid) - Rs. Nil (Previous year : Rs. Nil)

37 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 April 1, 2019. Ind AS 116 replaces Ind AS 17 'Leases' and related interpretation and guidance. The Holding Company and SDS had made transition adjustment as per para C8(c) (ii) of Ind AS 116, i.e. prospective implementation without changing opening balance of reserves. Consequently, amounts of 'Depreciation & Amortisation', 'Finance Costs' and 'Other Expenses' are not comparable with previous year. Also refer note 3.1(ii) for accounting policy on leases. For lease arrangement with lease terms of 12 months or less, the Holding Company and SDS has applied the 'short-term lease' recognition exemptions.
- 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:**

(Rupees in lakhs)

Particulars	Amount
Interest expense on lease liabilities	20.38
Lease expenses in case of short term leases	20.35
Lease expenses in case of low value leases (other than short term as disclosed above)	94.63
Lease expenses debited to lease liabilities	97.79
Total cash outflow for leases [incl. short term & low value leases]	233.15

- e) As indicated in note 3.12, the Holding Company and SDS has adopted Ind AS 116 – "Leases" retrospectively from 1st April, 2019, but has not restated comparatives for the 31st March, 2019 reporting period, as permitted under the specific transition provisions in the standard. The reclassifications and the adjustments arising from the new standard are therefore recognised in the Opening balance sheet on 1st April, 2019 as given below:

(Rupees in lakhs)

Particulars	Amount
Right-of-use assets	122.27
Right-of-use assets (leasehold reclassified as compared to previous year) (net book value)	156.83
Financial liability- Lease liabilities - current	112.32
Financial liability -Lease liabilities - non-current	107.14

- f) 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 on 1st April, 2019 was 8.33% and 6% respectively.

II) Disclosures in respect of previous year:

The Holding Company and SDS has taken factory premises and machinery under operating lease basis which includes cancellable and non cancellable lease arrangements. Rent incurred with respect to cancellable operating lease amounts to Rs. 129.13 lakhs (Previous year: Rs. 160.17 lakhs). Leasehold land of Holding Company has been amortised over the lease period. In case of SDS, with respect to noncancellable operating lease arrangement (factory premises), rent for the year and the future minimum lease payments is as under:

(Rupees in lakhs)

Particulars	Amount
Lease rent expenses debited to statement of profit and loss	49.23
Future lease rent payable	
- Not later than one year	98.67
- Later than one year and not later than five years	151.64
- Later than five years	-
- Contingent rent payable	-

Notes:

- Subletting of the factory premises is permissible only after obtaining written consent from the lessor. There are no sub leases during the year
- SDS has an option to renew the lease for further period of 3 years. Increase in rent would be USD 3,000 per year during such term. [In Rs. 2.07 lakhs per year]#.

Converted in INR at exchange rate of year end i.e. Rs. 69.155

Finance lease:

(Rupees in lakhs)

Particulars	Future lease payments	Interest	Present Value
Payable not later than 1 year*	19.94	0.62	19.32
Payable later than 1 year and not later than 5 years	5.30	0.08	5.22
Later than 5 years	-	-	-
Total	25.24	0.70	24.54

38 Related party disclosure
38.1 Name of the related parties and related party relationship

Description of relationship	Name of the Related Party
Enterprise having control over the Holding Company (Ultimate holding company)	Nami Capital Private Limited [w.e.f. 1st October, 2018] (Rabale Engineering India Private Limited changed its name to Nami Capital Private Limited)
Director/Key management personnel (KMP)	Mr. Pradeep Goyal, Chairman & Managing Director Dr. Kewal K. Nohria, Non-Executive Director Mr. Omprakash Agarwal, Non-Executive Director (Upto 15th November 2019) Mrs. Neeru Pradeep Goyal, Non-Executive Director (Wife of Chairman & Managing Director)

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Description of relationship	Name of the Related Party
Relatives of key management personnel	Mr. Suresh G. Vaidya, Independent Director Mr. Jaidev R. Shroff, Independent Director (Upto 30th September 2018) Mr. Jayavardhan Dhar Diwan, Independent Director Mrs. Nandita Vohra, Independent Director (w.e.f. 28th December 2018) Mr. Kartick Maheshwari, Independent Director a) Abhinav Goyal (Son of Chairman & Managing Director, also KMP of subsidiaries) b) Neha Goyal (Daughter in law of Chairman & Managing Director)
Subsidiary (Wholly own Subsidiary)	Pradeep Metals Limited Inc., USA, Houston
100% Step down subsidiary (subsidiary of WOS)	Dimensional Machine Works LLC, USA, Houston
Enterprises owned or significantly influenced by key management personnel or their relatives	Dhanlabh Engineering Works Private Limited Economic Forge 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.

38.2 Related party transactions

(Rupees in lakhs)

Name of the related party	Nature of the transaction	Year ended 31st March 2020	Year ended 31st March 2019
Dhanlabh Engineering Works Private Limited	Labour charges paid	67.93	74.66
	Purchase	-	-
	Sales	-	9.39
	Rent expenses	42.48	30.54
	Electricity charges (Reimbursement)	16.84	16.91
Economic Forge Private Limited	Labour charges paid	-	-
Nami Capital Private Limited [w.e.f. 1st October, 2018] (Rabale Engineering India Private Limited changed its name to Nami Capital Private Limited)	Dividend paid (including interim dividend)	199.45	-
Mrs. Neeru Goyal	Sitting fees paid	1.25	1.50
	Dividend paid (including interim dividend)	18.40	-
Dr. Kewal K. Nohria	Sitting fees paid	2.25	2.75
	Dividend paid (including interim dividend)	13.56	-
	Commission	1.00	1.00
Mr. Omprakash Agarwal	Sitting fees paid	0.25	1.75
	Commission	0.25	1.50

Mr. Suresh G. Vaidya	Sitting fees paid	3.00	4.25
	Commission	1.25	1.50
Mr. Jaidev R. Shroff	Sitting fees paid	-	0.25
	Commission	-	0.25
Mr. Jayavardhan Dhar Diwan	Sitting fees paid	2.75	4.00
	Commission	1.25	1.50
Mr. Kartick Maheshwari	Sitting fees paid	2.25	2.75
	Commission	1.00	1.00
Mrs. Nandita Vohra	Sitting fees paid	1.50	0.50
	Commission	1.25	0.50
Mr. Pradeep Goyal*	Remuneration (including other allowances)	116.86	99.42
	Incentive	25.00	25.00
	Dividend paid (including interim dividend)	31.53	-
Mr. Abhinav Goyal	Salary paid	85.19	77.63
Mrs. Neha Goyal	Salary paid	70.99	19.34

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

* Does not include gratuity and leave encashment since the same is considered for all employees (including the Chairman & Managing Director) of the holding company as a whole and also does not include reimbursement of expenses.

38.3 Balance outstanding as at the year end

(Rupees in lakhs)

Name of the related party	Nature of outstanding	Year ended 31st March 2020	Year ended 31st March 2019
Dhanlabh Engineering Works Private Limited	Trade payable	11.90	6.58
Dr. Kewal K. Nohria	Commission payable	1.00	1.00
Mr. Omprakash Agarwal	Commission payable	0.25	1.50
Mr. Suresh G. Vaidya	Commission payable	1.25	1.50
Mr. Jaidev R. Shroff	Commission payable	-	0.25
Mr. Jayavardhan Dhar Diwan	Commission payable	1.25	1.50
Mr. Kartick Maheshwari	Commission payable	1.00	1.00
Mrs. Nandita Vohra	Commission payable	1.25	0.50
Mr. Pradeep Goyal	Remuneration payable	3.23	3.90
	Incentive payable	25.00	25.00
Mr. Abhinav Goyal	Salary payable	3.91	1.29
Mrs. Neha Goyal	Salary payable	3.49	1.60

#Converted in INR at exchange rate of year end i.e. Rs. 75.665 (Previous year : Rs. 69.155). Corporate guarantee of USD 3,200,000 (Previous year : USD 3,200,000) is given for loans taken by Pradeep Metals Limited, Inc. Stand by letter of credit of USD 1,000,000 (Previous year Nil) is given for loan taken by Pradeep Metals Limited, Inc.

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 External Commercial Borrowing facility availed by WOS from UBI HongKong. There are no charges for guarantee given by the director. (Refer note 16.1 & 19.1)

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38.4 Outstanding balances at the year end are unsecured with a short term duration and interest free. For the year ended 31st March 2020, the Group has not recorded any impairment of receivables relating to amount owed by related parties (Previous year :Rs. Nil). This assessment is undertaken in each financial year through examining the financial position of the related party & the market in which the related party operates.

38.5 All transactions were made on normal commercial terms and conditions and at market rates.

39 Financial instruments by category

Set out below is a comparison, by class, of the carrying amounts and fair value of the Group's financial instruments as of 31st March 2020, other than those with carrying amounts that are reasonable approximates of fair values:

(Rupees in lakhs)

Particulars	Carrying value		Fair Value	
	As at 31st March 2020	As at 31st March 2019	As at 31st March 2020	As at 31st March 2019
(i) Investments	0.05	0.05	0.05	0.05
(ii) Loans	7.49	9.65	7.49	9.65
(iii) Other non-current financial assets	68.31	62.04	68.31	62.04
(iv) Trade receivables	4,112.48	4,526.19	4,112.48	4,526.19
(v) Cash and cash equivalents	189.59	388.08	189.59	388.08
(vi) Other bank balances	33.28	32.25	33.28	32.25
(vii) Other current financial assets	304.20	673.56	304.20	673.56
Total financial assets	4,715.40	5,691.82	4,715.40	5,691.82
(i) Borrowings (Non-current)	2,032.22	3,022.08	2,032.22	3,022.08
(ii) Lease liabilities (Non-current)	107.14	-	107.14	-
(iii) Trade payable	1,199.81	1,781.55	1,199.81	1,781.55
(iv) Lease liabilities (Current)	112.32	-	112.32	-
(v) Other current financial liabilities	2,359.92	1,940.17	2,359.92	1,940.17
(vi) Borrowings (Current)	4,952.16	5,524.01	4,952.16	5,524.01
Total financial liabilities	10,763.57	12,267.82	10,763.57	12,267.82

The management assessed that the fair value of cash and cash equivalent, trade payables and other current financial assets and liabilities approximate their carrying amounts largely due to the short term maturities of these instruments. The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

40 a) Impairment review of goodwill

The group tests for impairment of goodwill and property plant and equipment every year as per the requirement of Ind AS 36 - 'Impairment of assets'. The management has considered continuing losses in WOS and SDS and financial impact on account of Covid-19 on future cash flows. For the year ended 31st March 2020, based on management's assessment, the testing resulted in impairment of the carrying amount of goodwill pertaining to Dimensional Machine Works LLC (step down subsidiary). The excess of carrying value over the recoverable amount has been accounted as an impairment charge of Rs. 270 lakhs and is disclosed as exceptional item. The recoverable amount is calculated based on value in use which is based on cash flow projections using discounted cash flow method. The discount rate of 10% p.a. is considered for the purpose of this calculation. 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. Due to use of significant unobservable inputs to compute the fair value, it is classified as level 3 in the fair value hierarchy as per the requirement of Ind AS 113 - 'Fair value measurement'. Some of the assumptions based on which projections are prepared based on market estimates and management judgements which have been relied upon by the auditors. 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 2020. (Also refer note 4.13).

b) Impact on account of Covid-19

In March 2020, the World Health Organisation declared COVID 19 to be a pandemic. The holding company and subsidiaries have 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.

41 Financial risk management objectives and policies

The Group's principal financial liabilities comprise loans and borrowings, trade payables and financial guarantee contracts. The main purpose of these financial liabilities is to finance the Group's operations. The Group's principal financial assets include loans, trade and other receivables and cash and cash equivalents that derive directly from its operations.

The Group is exposed to market risk, credit risk and liquidity risk. The Group's senior management oversees the management of these risks. The Group's senior management is supported by a Risk Management Committee (RMC) that advises on financial risks and the appropriate financial risk governance framework for the Group. The RMC provides assurance that the Group's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Group's policies and risk objectives. It is the Group's policy that no trading in derivatives for speculative purposes may be undertaken. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised as below.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings and deposits.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates.

The Holding Company generally converts its borrowings in Foreign Currency, considering natural hedge it has against its export. All foreign currency debt obligations carry floating interest rates.

Interest rate sensitivity

The Group's total interest cost the year ended 31st March 2020 was Rs.614.72 lakhs and for year ended 31st March 2019 was Rs.820.86 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:

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Particulars	Change in basis points	Effect on PBT and equity (Rs. In Lakhs)
31st March 2020	+50	(44.05)
	-50	44.05
31st March 2019	+50	(19.29)
	-50	19.29

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment, showing a significantly higher volatility than in prior years.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's export revenue and long term foreign currency borrowings.

The Group manages its foreign currency risk by budgeting exports sales & repeat orders from its overseas customers and Group keep its long term foreign currency borrowings un-hedged which will be natural hedge against its un-hedged exports. The Group may hedge its long term borrowing near to the repayment date to avoid rupee volatility in short term. The 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 2020 and 31st March 2019. 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:

(Rupees in lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019
Opening balance	0.45	0.95
Add : Allowance for doubtful receivables made during the year	-	-
Less : Allowance for doubtful receivables reversed during the year	0.28	(0.50)
Less : Trade receivables written off during the year	-	-
Closing balance	0.73	0.45

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:

(Rupees in lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019
Less than 1 year		
Borrowings (Current)	4,952.16	5,524.01
Trade and other payables	1,199.80	1,781.55
Lease liabilities (Current)	112.32	-
Other financial liabilities	864.29	849.97
Current maturity of long term borrowings	1,495.63	1,090.20
	8,624.20	9,245.74
1 to 5 years		
Borrowings (Non-current)	2,032.22	3,022.08
Lease liabilities (Non-current)	107.14	-
	2,139.36	3,022.08
Total	10,763.56	12,267.82

42 Capital management

For the purpose of the Group's capital management, capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders of the Holding Company. The primary objective of the Group's capital management is to maximise the shareholder value.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group monitors capital using a debt equity ratio, which is debt divided by equity.

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).

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

Particulars	As at 31st March 2020	As at 31st March 2019
Total debt* (Rs. in lakhs)	8,480.01	9,636.29
Total capital (total equity) (Rs. in lakhs)	4,908.56	4,681.52
Net debt to equity ratio	1.73	2.06

* 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 2020 and 31st March 2019.

43 Segmental disclosure

The Group is primarily engaged in manufacturing of closed die steel forgings & processing and holding company is also into power generation from wind turbine which is supplied to Maharashtra State Electricity Distribution Company Limited (MSEDCL).

43.1 Segment Revenue-Gross

(Rupees in lakhs)

Particulars	Closed die forging and processing	Power generation	Total
External revenue	19,289.00	234.16	19,523.16
Previous year	18,928.63	216.26	19,144.89

43.2 Segment Results

(Rupees in lakhs)

Particulars	Closed die forging and processing	Power generation	Total
Segment total	2,042.45	151.70	2,194.15
Previous year	2,166.78	118.07	2,284.37
Unallocated corporate expenses net of unallocated income (including exceptional item)			253.40
Previous year			45.66
Profit before interest etc. and taxation			
Less: Finance costs			764.39
Previous year			820.76
Profit before tax			1,176.36
Previous year			1,417.95
Tax expense			410.29
Previous year			484.39
Profit for the year			766.07
Previous year			933.56

43.3 Other information

(Rupees in lakhs)

Particulars	Closed die forging and processing	Power generation	Total
Segment assets	15,052.23	1,113.13	16,165.36
Previous year	16,206.07	1,197.12	17,403.19
Unallocated Corporate assets			309.04
Previous year			599.00
Segment liabilities	4,472.26	-	4,472.26
Previous year	2,875.17	-	2,875.17
Unallocated Corporate liabilities			7,093.78
Previous year			10,445.00
Depreciation/amortization	710.07	56.26	766.33
Previous year	569.53	56.31	625.84
Impairment	270.00	-	270.00
Previous year	-	-	-
Capital expenditure	840.90	-	840.90
Previous year	1,205.16	-	1,205.16

43.4 Secondary segment: Geographical information
i) Sales, service income and other operating revenue by geographical market:

(Rupees in lakhs)

Locations	Year ended 31st March 2020	Year ended 31st March 2019
Within India	7,704.24	7,629.49
Outside India	11,818.93	11,515.40
Total	19,523.17	19,144.89

Note : Revenue within India includes sales to customers located within India and revenue outside India includes sales to customers located outside India.

ii) Trade receivable at year end

(Rupees in lakhs)

Locations	Year ended 31st March 2020	Year ended 31st March 2019
India	1,065.36	993.36
Outside India	3,047.12	3,532.83
Total	4,112.48	4,526.18

Note: Above figures are net of provision Rs. 0.73 lakhs (Previous year : Rs. 0.45 lakhs)

iii) Reliance on major customers:

Four customers represents more than 10% of the total revenue. Total revenue from these major customers amounts to Rs. 9,610.84 lakhs. In case of previous year only three customer represented more than 10% of total revenue whose revenue amounted to Rs. 6,126.60 lakhs.

Notes:

- 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.
- The business segment comprise the following:
 - Closed Die Forging and Processing

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- b. Power Generation
- c) The geographical information considered for disclosure are: Sales within India and Sales outside India

44 Foreign currency exposures that are not hedged by derivative instruments.

Particulars	As at 31st March 2020		As at 31st March 2019	
	Amt. In Foreign Currency (In Lakhs)	Rs. In Lakhs	Amt. In Foreign Currency (In Lakhs)	Rs. In Lakhs
Borrowings [Term loan & packing credit]	50.99	3,858.14	59.55	4,104.52
USD				
Trade and other receivable (net of bills discounted)				
USD	41.17	3,115.42	40.04	2,769.00
EURO	7.50	620.73	5.92	460.06
GBP	0.34	31.83	0.42	38.39
Trade payable for capital goods				
USD	-	-	0.37	25.69

Note: Open purchase orders & sales orders have not been considered for foreign currency exposure.

45 Expenditure on Research & Development (Charged to statement of P & L) [Other than microwave project]

(Rupees in lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019
Professional Fees	2.08	11.22
Tours & Travels	0.14	0.04
Rent, Rate and Taxes	1.20	1.20
Repairs & Maintenance	-	4.74
Employees Welfare	-	0.07
Materials stores & spares	3.28	0.65
Other Expenses	0.70	0.72
Total	7.40	18.64

46 Defined benefits and other long term benefit plans

(a) Gratuity plan

Funded scheme

The holding company has a defined benefit gratuity plan for its employees. The gratuity plan is governed by the payment of Gratuity Act, 1972. Under the Act, every employee who has completed five years of service is 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 year, the Group has 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. A single account is maintained for both the investment and claim settlement and hence 100% liquidity is ensured. Also interest rate and inflation risk are taken care of.

The following table summarises the components of net benefit expense recognised in the statement of profit and loss and the funded status and amounts recognised in the balance sheet for the gratuity plan. The principal assumptions used in determining gratuity for the holding company's plan is shown below:

(Rupees in lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019
Mortality table	IALM(2006-08) ult	IALM(2006-08) ult
Discount rate	6.66%	7.61%
Expected rate of return on plan assets	5.00%	8.00%
Rate of increase in compensation levels	5.00%	8.00%
Expected average remaining working lives (in years)	14.22	14.15
Employee attrition rate	PS 0 - 42 - 2%	PS 0 - 42 - 2%

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

(Rupees in lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019
Present value of obligation as at the beginning of the year	537.15	486.13
Interest expense	40.14	34.50
Current service cost	49.71	44.70
Past service cost - (Vested benefits)	-	-
Benefits (paid)	(17.65)	(63.93)
Remeasurements on obligation [Actuarial (Gain)/Loss]	(98.45)	35.74
Closing defined benefit obligation	510.89	537.15

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

(Rupees in lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019
Opening fair value of plan assets	426.02	420.36
Adjustment to opening fair value of plan assets	-	-
Interest income	34.09	31.64
Contributions	32.71	40.79
Benefits paid	(17.65)	(63.93)
Remeasurements	-	-
Return on plan assets, excluding amount recognised in interest income-Gain/(Loss)	(3.93)	(2.84)
Closing fair value of plan assets	471.24	426.02

Net Interest (Income/Expense)

(Rupees in lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019
Interest (Income)/Expense - Obligation	40.14	34.50
Interest (Income)/Expense - Plan assets	(34.09)	(31.64)
Net Interest (Income)/Expense for the loss	6.04	2.87

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

(Rupees in lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019
Experience (Gain)/Loss on plan liabilities	0.83	36.39
Financial (Gain)/Loss on plan liabilities	(97.54)	(0.65)
Experience (Gain)/Loss on plan assets	0.83	36.39

Amount recognised in statement of other comprehensive income (OCI)

(Rupees in lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019
Remeasurement for the year - obligation (Gain)/Loss	(98.45)	35.74
Remeasurement for the year - plan assets (Gain)/Loss	3.93	2.84
Total Remeasurement cost/(credit) for the year recognised in OCI	(94.52)	38.58

The amounts to be recognised in the Balance Sheet

(Rupees in lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019
Present value of obligation as at the end of the year	510.89	537.15
Fair value of plan assets as at the end of the year	471.24	426.02
Net asset/(liability) to be recognised in balance sheet	(39.65)	(111.13)

Expense recognised in the Statement of Profit and Loss

(Rupees in lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019
Current service cost	49.71	44.70
Sub Total	49.71	44.70
Net Interest (Income)/Expense	6.04	2.87
Net periodic benefit cost recognised in the statement of profit and loss	55.75	47.57

Reconciliation of net assets/(liability) recognised:

(Rupees in lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019
Net asset/(liability) recognised at the beginning of the year	(111.13)	(65.77)
Company Contributions	32.71	40.79
Expense recognised at the end of year	(55.75)	(47.57)
Amount recognised outside profit & loss for the year	94.52	(38.58)
Net asset/(liability) recognised at the beginning of the year	(39.65)	(111.13)

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 2020	As at 31st March 2019
Funds managed by insurer	100%	100%

Sensitivity analysis:

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

(Rupees in lakhs)

Discount rate	As at 31st March 2020	As at 31st March 2019
Decrease by 1%	556.18	591.15
Increase by 1%	471.21	490.33

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

(Rupees in lakhs)

Salary increment rate	As at 31st March 2020	As at 31st March 2019
Decrease by 1%	470.81	490.64
Increase by 1%	555.87	589.37

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:

(Rupees in lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019
Within one year	18.41	19.41
After one year but not more than five years	146.70	120.80
After Five years but not more than ten years	266.59	284.65

(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.149.81 lakhs (Previous year : Rs.162.79 lakhs).

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

(Rupees in lakhs)

Particulars	Gratuity		Leave benefits	
	As at 31st March, 2020	As at 31st March, 2019	As at 31st March, 2020	As at 31st March, 2019
Current liability	39.65	83.99	122.84	115.56
Non-current liability	-	27.14	26.97	47.23
Net liability	39.65	111.13	149.81	162.79

47 Defined contribution plan

Provident fund & ESIC

In accordance with the law, all employees of the Holding Company are entitled to receive benefits under the provident fund and ESIC. Under the defined contribution plan, provident fund and ESIC is contributed to the government administered fund. The Holding Company has no obligation, other than the contribution payable to the provident fund & ESIC.

Particulars	2019-2020	2018-2019
Provident fund	34.79	29.69
Pension fund	61.96	52.19
Employees' state insurance (ESIC)	15.42	19.73
Labour welfare fund	0.41	0.39
Total	112.58	102.00

48 Cash flow statement related

48.1 Aggregate outflow on account of direct taxes paid is Rs. 452.17 lakhs (Previous year : Rs.461.40 lakhs).

48.2 Conversion of rupee term loan in foreign currency loan (USD) aggregating to Rs.177.00 lakhs (Previous year : Rs. Nil) is not considered as cash transaction.

48.3 The amount of government grant of Rs. 214.00 lakhs was received in earlier year and hence cash outflow on account of fixed assets does not contain adjustment of government grant in cash flow statement.

48.4 Disclosure as required by Ind AS 7

Reconciliation of liabilities arising from financing activities

(Rupees in lakhs)

Particulars	As at 31st March 2019	Cash Flows	Non Cash Changes	As at 31st March 2020
Short Term Borrowings	5,524.01	(723.37)	151.52	4,952.16
Long Term Borrowings	4,131.60	(845.19)	246.58	3,532.99
Total Liabilities from financing activities	9,655.61	(1,568.56)	398.10	8,485.15

(Rupees in lakhs)

Particulars	As at 31st March 2018	Cash Flows	Non Cash Changes	As at 31st March 2019
Short Term Borrowings	4,823.17	699.14	1.71	5,524.01
Long Term Borrowings	4,449.77	(431.53)	113.36	4,131.60
Total Liabilities from financing activities	9,272.94	267.61	115.07	9,655.61

- 49** In accordance with US law, the WOS of the Holding Company has opted for payment of tax on consolidated income [i.e. after considering the income from its subsidiary (SDS of Holding Company)]. Since there are significant losses in SDS, there is a net loss on consolidated basis. Accordingly, there is no tax payable by WOS. Further, no deferred tax asset is recognized in absence of reasonable certainty of having taxable income (on consolidated basis) in future years.

50 Additional information pursuant to Schedule III of Companies Act, 2013
As at 31st March 2020

(Rupees in lakhs)

Name of the entity	Net Assets i.e. Total Assets minus total liabilities		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	Amount (Rupees in lakhs)	As % of consolidated profit or loss	Amount (Rupees in lakhs)	As % of consolidated other comprehensive income	Amount (Rupees in lakhs)	As % of consolidated total comprehensive income	Amount (Rupees in lakhs)
Parent								
Pradeep Metals Limited	150%	7,340.52	168%	1,288.15	-613%	70.74	180%	1,358.89
Subsidiaries								
Foreign								
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)
Minority interest in all subsidiaries	0%	-	0%	-	0%	-	0%	-
Consolidation adjustments	-70%	(3,427.56)	77%	588.27	713%	(82.28)	67%	505.99
Total	100%	4,908.56	100%	766.07	100%	(11.54)	100%	754.53

*SDS of the holding company.

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As at 31st March 2019

(Rupees in lakhs)

Name of the entity	Net Assets i.e. Total Assets minus total liabilities		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	Amount (Rupees in lakhs)	As % of consolidated profit or loss	Amount (Rupees in lakhs)	As % of consolidated other comprehensive income	Amount (Rupees in lakhs)	As % of consolidated total comprehensive income	Amount (Rupees in lakhs)
Parent								
Pradeep Metals Limited	137%	6,398.01	128%	1,193.87	18%	(27.45)	149%	1,166.42
Subsidiaries								
Foreign								
Pradeep Metals Limited Inc, USA	21%	988.06	26%	238.94	0%	-	31%	238.94
Dimensional Machine Works LLC*	18%	843.33	-57%	(531.05)	0%	-	-68%	(531.95)
Minority interest in all subsidiaries	0%	-	0%	-	0%	-	0%	-
Consolidation adjustments	-76%	(3,547.88)	4%	32.70	82%	(123.10)	-12%	(90.40)
Total	100%	4,681.52	101%	934.46	100%	(150.55)	100%	783.01

*SDS of the holding company.

- 51** During the year, the Board of Directors had recommended and approved the interim dividend of Rs.1/- per equity share of Rs.10/ each for financial year 2019-20. Also, final dividend of Rs.1/- per equity share of Rs. 10/- each for financial year 2018-19 was approved by the shareholders at the annual general meeting held on 10th August 2019.
- 52** Additional Information as required by para 7 of General Instructions for preparation of Statement of Profit and Loss (other than already disclosed above) are either Nil or Not Applicable.
- 53** Previous Year Figures have been regrouped/rearranged wherever necessary.

Notes referred to herein above form an integral part of 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: 29th June, 2020

**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 Ojha

Chief Financial Officer

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certifications & approvals

ISO 9001:2015

ISO 14001:2015

OHSAS 18001:2007

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
Austentizing furnaces

POST FORGING

Shot blasting
Coining
Stamping
Rust-prevention
Packing
Ultrasonic cleaning



CONTACT INFORMATION

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