HAPPY FORGINGS LIMITED

BOARDS' REPORT 2020-21

THE MEMBERS,
HAPPY FORGINGS LIMITED

Your Directors have pleasure in submitting their 42nd Annual Report of the Company together with the Audited Financial Statements for the year ended 31st March, 2021

1. FINANCIAL RESULTS

The Company's financial performance for the year under review along with previous year's figures are given hereunder:

Analysis of Profit & Loss Account:		**(AMOUNT RS. LAKHS)**
PARTICULARS	**YEAR 2021**	**YEAR 2020**
NET SALES/INCOME FROMOPERATIONS	58,495.82	55808.70
OTHER INCOME	585.54	682.09
TOTAL INCOME	**59,081.36**	**56490.79**
LESS INTEREST	1178.35	2505.84
LESS OTHER EXPENSES	42621.43	41564.64
PROFIT BEFORE DEPRECIATION	**15281.58**	**12420.31**
LESS DEPRECIATION	3575.73	2840.23
PROFIT BEFORE TAX	**11705.85**	**9580.08**
LESS CUREENT INCOME TAX	3149.88	2577.79
LESS PR. YEAR TAX ADJUSTMENT	0.15	-87.67
LESS DEFERRED TAX	-88.77	-904.12
NET PROFIT AFTER TAX	**8644.59**	**7994.08**
DIVIDEND PAID	0	0
NET PROFIT AFTER DIVIDEND	8644.59	7994.08
AMOUNT TRASFD. TO RESERVE	0	0
BALANCE CARRIED TO BALANCE SHEET	**8644.59**	**7994.08**
EARNING PER SHARE(BASIC)	**965.88**	**900.85**
EARNING PER SHARE(DILUTED)	965.88	**900.85**

2. STATE OF COMPANY'S AFFAIRS

FY 2020-21 was one of the most challenging year for the individuals and the communities at large posing the greatest tests for human perseverance as COVID 19 hit the entire world. It altogether altered the way of life including the way the businesses operate all over the world. COVID 19 impacted demand, supplies, production, still your Company could manage to sustain previous year's levels. Some of the key figures are given below:

a. *Production*:

The forging production of the company during the year under reporting is 40451 MT as against 36523 MT during the preceding year, out of which 25838 MT. (PY 24009 MT.) was transferred to Machining Division. During the year company has produced machined components 18836 MT. (MVP 8614 MT, Crankshafts 10187 MT & Railways 35 MT) as against 20818 MT. (MVP 9232 MT, Crankshafts 11574 MT & Railways 12 MT) in the preceding year.

b. *Sales& Profitability*:

During the year company has recorded a growth of 4.81% in revenues to Rs. 584.96 crore from Rs. 558.09 crore during previous year. EBIDTA and PAT Increased by 11 % to Rs. 165.68 crore and 8.01% to Rs.86.35 crore respectively.

c. *Marketing and Market environment*

Forging industry plays an important role in the Indian manufacturing sector, acting as supplier to key industries such as automotive, power, construction and general engineering. Hence, the performance of the forging industry depends in part on the economic health of manufacturing sector in India. The manufacturing sector was already braving a structural slowdown before the onset of COVID crisis. In addition to the economic slowdown, COVID-19 induced labour shortages and reduction in consumer demand led to underutilisation of installed capacity for major manufacturing sectors. This in turn led to lower demand for forging products.

Automotive sector (key sector for HFL) is facing many difficulties such as BS VI norms, weaker demand environment and COVID-19 impact. Due to these developments, vehicle sales across categories declined by 14% to 1.86 Cr units, as against 2.15 Cr units in 2020. Commercial vehicles sales have also seen a decline of 21% % to 5.68 lakh units in FY21, as against 7.18 lakh units in FY20. Commercial vehicle production has declined by ~44% over FY19-21 from 11.1 lakh units to 6.2 lakh units. HFL derives 50% of its sales from commercial vehicle segment.

Particulars	FY19	FY20	FY21
Domestic CV sales	10,07,311	7,17,593	5,68,559
CV Production	11,12,405	7,56,725	6,24,939

The tractor segment sales has seen ~15% growth since FY19, increasing to 9 lakh units in FY21 from 7.8 lakh units in FY19. However tractor production has remained flat over the last three years as most of the sales has happened through reduction of old inventory. HFL derives close to 30% of its sales from tractor and farm equipment segment.

Particulars	FY19	FY20	FY21
Domestic tractor sales	7,80,032	7,05,011	8,99,407
Tractor Production	8,98,052	8,89,367	8,74,526

Due to the slowdown witnessed by OEMs in end-consumer demand, there has been a commensurate slowdown for component suppliers.

Despite the challenging industry backdrop, HLF has achieved a 5% growth in its FY21 revenues vis-à-vis FY20. This is a result of management focus on adding new products and increasing wallet share in existing clients. The company has also laid strong foundation for building its export strategy. We expect the share of exports to increase multi-fold in the near future.

Outlook for FY22 remains positive with commercial vehicle demand expected to pick up due to construction growth and resurgence of pent up demand.

3. DIVIDEND

No Dividend was declared for the current financial year due to conservation of Profits by the Company.

4. TRANSFER OF UNCLAIMED DIVIDEND TO INVESTOR EDUCTION AND PROTECTION FUND

The provisions of Section 125(2) of the Companies Act, 2013 do not apply as there was no dividend declared and paid last year.

5. EXPANSION PLANS OF THE COMPANY

Over the last 2 years, the company has embarked on capex plan to expand its existing capacity. HFL plans to expand its current capacity of 60,000 tons (forging) and 34,000 tons (machining) to forging capacity of 114,000 tons and machining capacity of 56,500 tons. On commercialization of the new capacity, we expect to earn peak revenues in excess of ₹ 1,500 Cr (compared to peak revenue of ~750 Cr on existing capacity). To achieve this new capacity, the company has budgeted close to ₹ 600 Crs in capex for F19-23. We are on track to complete this capex and we have already incurred ~300 Cr of the project cost in FY21.

The company has already managed to commercialize a new 8000T press, increasing its capacity from 60,000 tons (forging) to 74,000 tons (forging). The management is confident of achieving the timelines it has set for itself in stabilizing new operations.

The plant has been designed in line with international standards and expectations of international customers and company expects significant traction from them post commercialization of plant (phase 1 expected in Q4FY21). With this capex, Company plans to leverage its international relationships and customers focus on re-aligning their supply chain outside of China to drive growth.

HFL is well positioned to grow significantly over the coming years due to its new capacity, continued wallet share gains and the growth expected in domestic market.

6. MATERIAL CHANGES AND COMMITMENT IF ANY AFFECTING THE FINANCIAL POSITION OF THE COMPANY OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR TO WHICH THIS FINANCIAL STATEMENTS RELATE AND THE DATE OF THE REPORT

No material changes and commitments affecting the financial position of the Company occurred between the end of the financial year to which this financial statements relate on the date of this report.

The Board has recommended the amendment in clause 105.4 and 108 of Articles of Association subject to the approval of the shareholders.

7. CREDIT RATING

During the period under review your Company's long term rating from CRISIL has been upgraded to **A+/ positive** from A / stable released on 12th August 2021

Further, as per ICRA long term rating has been upgraded to ICRA A+ with stable outlook and short term rating as ICRA (A1) released on 23rd February 2021

8. BUSINESS EXCELLENCE AND QUALITY

Your Company is working to adopt the best practices and for achieving this, continuously participating in various programs and initiatives to keep our commitment to the culture of quality, customer value and productivity improvement.
Your company has got various external certifications like ISO 14001/2015, IATF 16949/ 2016

9.OCCUPATIONAL HEALTH AND SAFETY MANAGEMENT

The Company is committed to provide a safe and healthy working environment for its employees and associates to ensure a high degree of safety norms. There is an increased focus on areas like training and awareness, safety observations, audits etc. to drive a positive safety culture.

10.INTERNAL FINANCIAL CONTROLS

Internal Financial Controls are an integrated part of the risk management process, addressing financial and financial reporting risks.

The management is in process of strengthening the appropriate documentation of internal financial controls in accordance with framework given by "Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India"

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

A. CONSERVATION OF ENERGY: The Company, is continuously working on conservation of energy, has adopted various alternate measures to conserve energy, reduce wastages and thus achieving reduction in cost to the Company.

B. TECHNOLOGY ABSORPTION: Efforts are made towards technology absorption, adaptation and innovation. At the same time, we are working towards capacity addition, cost optimization, low-cost automation and enhancing equipment efficiency.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

Total Foreign exchange used and earned:

	(Rs. In Lakhs)	
	2020-21	2019-20
a) FOB Value of Exports	3680.57	4876.52
b) Expenditure in Foreign Currency	35.88	47.83
c) Foreign Exchange earned	4008.86	4825.47
d) Value of Import on CIF basis	3085.23	3226.70

12. RISK MANAGEMENT POLICY

A Risk Management policy was formed and put in place in previous years to mitigate the risks, both internal and external, which the Company is exposed to as per the requirement of Section 134(3)(n) of the Companies Act, 2013. This policy is being reviewed in line with the current situation of the company by the Audit Committee.

The Audit Committee assesses the Company's risk management process and controls and evaluates both the internal and external risks the company is exposed to and give its suggestions for controlling the same. The company has a clearly defined risk management policy, which is available at its website.

13. DETAILS OF POLICY DEVELOPED AND IMPLEMENTED BY THE COMPANY ON ITS CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

In terms of provisions of Section 135 of the Companies Act, 2013 and Corporate Social Responsibility Policy Rules, 2014 and its amendments thereafter, your Company has duly constituted a Corporate Social Responsibility (CSR) Committee with the following members:

Mr. Paritosh Kumar (Chairman and Managing Director),

Mr. Ashish Garg (Managing Director)

Mr. Suresh Chander Garg (Independent Director).

Mr. Prakash Bagla (Nominee Director) and

Mr. Satish Sekhri (Independent Director) has been inducted in CSR committee on 4th November 2020

The CSR committee has met twice in the financial year to discuss and plan the CSR activities in line with the CSR policy of the Company.

The CSR policy of the Company was changed during the year due to the recent amendments brought by the Ministry of Corporate Affairs in the Companies (Corporate Social Responsibility Policy) Rules, 2014. The updated CSR Policy of your Company can be viewed at the website of the Company. The link is given below for your ready reference:

https:// www.happyforgingsltd.com/csr.php

The company as per its CSR Policy has made an expenditure of Rs. 1,44,42,787 /-(Rupees One Crore Forty four lakhs forty two thousand seven hundred eighty seven only), towards Environmental sustainability, Education promotion, health care promotion, etc. However, the obligated amount was Rs. 2,33,64,340 (Two Crore Thirty three lakhs sixty four thousand three hundred and forty Only/- The Company has transferred Rs 95,00,000 (ninety five lacs only) to the "unspent CSR account" opened with HDFC Bank against the obligated amount of Rs 89,21,557 /- (Eighty nine lakhs twenty one thousand five hundred fifty seven) as per the latest Companies (CSR Policy) Amendment Rules, 2021 which says that any amount remaining unspent pursuant to any ONGOING PROJECT, undertaken by a company in pursuance of its CSR Policy shall be transferred by the company in the UNSPENT CSR ACCOUNT.

The Company had allocated total budget of Rs 3 crores towards construction of school building and other related activities for the Government Primary school, Kanganwal Road, Ludhiana which was adopted by the Company as a part of its CSR activities. But the Company could make an expenditure of Rs 1.03 crores only during the Financial year 2020-21 as it was an ongoing project which will be completed in three years' time.

The Annual report on CSR Activities.is appended as Annexure- 1 to Board's Report

14.NOMINATION AND REMUNERATION POLICY

In terms of provisions of Section 178 of the Companies Act, 2013, the Nomination and Remuneration Committee of the Company is duly constituted with majority being Independent Directors. The composition of the committee is as follows:

Mr. Suresh Chandra Garg (Independent Director)
Mr. Vikas Gaya (Independent Director)
Mr. Nitin Aggarwal (Non-Executive Director)
Mr. Prakash Bagla (Nominee Director)

Mr. Satish Sekhri (Independent Director) has been inducted as member of NRC committee on 4th November 2020

In terms of provisions of Section 134(3)(e) of the Companies Act, 2013, the Company had adopted the its Nomination and Remuneration Policy in previous years. There was no change in the Nomination and Remuneration policy during the year. The Nomination and Remuneration Policy is available on the website of the Company.

The criteria for the appointment and removal of Director is covered in the Nomination and Remuneration Policy of the Company.

15. *PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS MADE UNDER SECTION 186 OF THE COMPANIES ACT, 2013*

There was no loans, guarantees or investments made by the Company under Section 186 of the Companies Act, 2013 during the year under review and hence the said provision is not applicable.

16. *PARTICULARS OF CONTRACTS OR ARRANGEMENTS MADE WITH RELATED PARTIES U/S 188*

In terms of Section 188(1) of the Act, all related party transactions entered into by the Company during FY 2020-21 were carried out with prior approval of the Audit Committee. No approval of the Board was required as all transactions were on an arm's length basis and in the ordinary course of business.

Particulars of Contracts or Arrangements Made with Related Parties U/S 188 (1) of Companies Act, 2013 in prescribed form AOC-2 is appended as Annexure-2 of Board Report.

17. COMPANY'S POLICY RELATING TO DIRECTORS APPOINTMENT, PAYMENT OF REMUNERATION AND DISCHARGE OF THEIR DUTIES

The increase in remuneration is not solely based on the Company performance but also includes various other factors like individual performance, experience, skill sets, academic background, industry trends, economic situation and future growth prospects etc. All these factors are considered by Nomination and Remuneration Committee.

The policy of company on Director's appointment and remuneration including the criteria for determining qualification, positive attribute, independence of director is available on www.happyforgingsltd.com

18. *COMPOSITION OF THE BOARD*

As on 31st March 2021, the Board consists of ten directors having an optimum combination of Executive, Non-Executive and Independent Directors. All the directors possess vast knowledge and experience and represents professionalism.

Mr Satish Sekhri DIN 00211478, was appointed as an additional and Independent Director with effect from 4th May, 2020. He was appointed as Independent Director in the Annual General Meeting held on 31st December 2020 to hold office for a period of five consecutive years from 4th May 2020 to 3rd May 2025.

The Board duly met 5(Five) times during the year in accordance with the provisions of the Companies Act and the guidelines issued by the Ministry of Corporate Affairs. A general circular no. 11/2020 dated March 24, 2020 was issued by Ministry of Corporate Affairs, in view of COVID-19 outbreak, the mandatory requirement of holding Board meeting within the interval of one hundred and twenty (120) days provided in Section 173 of the Companies Act, 2013 was relaxed and extended by a period of sixty (60) days for the companies.

The attendance record of Directors at Board and Committee meetings is attached with this report as **Annexure-3**

19. DIRECTORS RESPONSIBILITY STATEMENT

In accordance with the provisions of Section 134(5) of the Companies Act, 2013 the Board here by submit its responsibility Statement: –

(a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;

(b) the directors had 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) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

(d) the directors had prepared the annual accounts on a going concern basis; and

(e) The management is in process of strengthening the appropriate documentation of internal financial controls in accordance with framework given by "Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India"

Internal financial control means the policies and procedures adopted by the Company 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.

(f) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

20. *SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES*

The Company does not have any Subsidiary, Joint venture or Associate Company.

21. *DEPOSITS*

The Company has neither accepted nor renewed any deposits during the year under review.

22. *DIRECTORS AND KMP*

In terms of the applicable provisions of the Act and the Articles of Association of the Company, Mr. Nitin Aggarwal (DIN 01876908) and Mr. Narinder Singh Juneja (DIN 00393525), who retire by rotation at this Annual General Meeting and being eligible offer themselves for reappointment.

23. *DECLARATION OF INDEPENDENT DIRECTORS*

The Independent Directors have submitted their disclosures to the Board that they fulfill all the requirements as stipulated in Section 149(6) of the Companies Act, 2013 so as to qualify themselves to be appointed as Independent Directors under the provisions of the Companies Act, 2013 and the relevant rules.

24. *AUDITORS*

STATUTORY AUDITORS

At the 38th Annual General Meeting of the Company held on 30th September, 2017, SS Kothari Mehta & Co., Chartered Accountants, New Delhi were appointed as statutory auditors to hold office upto the conclusion of 43rd Annual General Meeting to be held in the year, 2022 subject to ratification in every Annual General meeting. However, M/s **SS Kothari Mehta & Co., Chartered Accountants, New Delhi** had resigned on 28.01.2021 and the casual vacancy that arose due to statutory auditor's resignation was filled up by appointment of **M/s S.R. Batliboi & Co. LLP (Registration no.-301003E/E3000005)** for the audit of financial year 2020-21 at the Board meeting held on 26.02.2021. The said appointment was approved by shareholders at the Extra Ordinary General Meeting held on 25.03.2021. The Company wanted to appoint **M/s S.R. Batliboi & Co. LLP (Registration no.-301003E/E3000005)** for another term of four years for which the approval of members is being sought at the forthcoming Annual General Meeting subject to annual ratification of their appointment.

The Auditors' Report for the Financial Year ended 31st March, 2021 does not contain any adverse remark, qualification or reservation.

All other financial statements, as referred to in the Auditor's Report, are self-explanatory and do not require any further comments and explanations.

II. **SECRETARIAL AUDITOR**

M/s. PS Bathla & Associates, Practicing Company Secretary, Ludhiana were appointed as the Secretarial Auditors of the Company for the F.Y. 2020-21. The Secretarial Audit Report for the Financial year ended 31stMarch, 2021 is annexed herewith as Annexure 4. There is no qualification, reservation or adverse remark in the secretarial audit report.

III. **COST AUDITOR**

M/s Rajan Sabharwal& Associates were appointed as the Cost Auditors of the Company for the Financial year 2020-2021 in the Board meeting dated 4th May 2020.

25. MAINTAINANCE OF COST RECORDS

The Company is maintaining cost records as required under law. As per the provisions of Companies Act 2013, the cost audit is applicable to the Company. The cost audit was done and the cost Audit Report is attached herewith.

26. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company is focusing on having robust and well embedded system of internal controls. The internal audit plan focuses on critical risks that matter and is aligned with the business objectives. Progress to plan and key findings are reviewed by the Audit Committee each quarter. Further, the Audit Committee also monitors the status of management actions following the internal audit reviews.

The Audit Committee consists of the following members

a. SH. VIKAS GIYA
b. SH. SURESH CHANDER GARG
c. SH. ASHISH GARG
d. SH. PRAKASH BAGLA
e. SH. SATISH SEKHRI

The above composition of the Audit Committee consists of independent Directors viz., Mr. Vikas Giya (Chairman), Mr Suresh Chander Garg & Mr. Satish Sekhri.

The Company has established a vigil mechanism to hear about the genuine concerns expressed by the employees and other Directors. The Company has also provided adequate safeguards against victimization of employees and Directors who express their concerns. The

Company has also provided direct access to the chairman of the Audit Committee on reporting issues concerning the interests of co employees and the Company.

27. FRAUDS UNDER SECTION 143(12) OF COMPANIES ACT 2013

No frauds were reported by auditors under sub-section (12) of section 143 of the Companies Act, 2013

28. *SHARES*

a. BUY BACK OF SECURITIES

The Company has not bought back any of its securities during the year under review.

b. SWEAT EQUITY

The Company has not issued any Sweat Equity Shares during the year under review.

c. BONUS SHARES

No Bonus Shares were issued during the year under review.

d. EMPLOYEES STOCK OPTION PLAN

The Company has not provided any Stock Option Scheme to the employees.

e. SHARES ALLOTTED UNDER PRIVATE EQUITY AGREEMENT

The company has not allotted any shares during the year 2020-2021.

29. INDUSTRIAL RELATIONS

Company's industrial relations continued to be harmonious during the period under review

30. HUMAN RESOURCES

Your company has taken various initiatives towards the development of Employees of the organization across all levels. Many In-house and outward trainings were arranged for the employee development. The focus is to improve the overall work culture, increase in effectiveness and efficiency and employee engagement.

31. DISCLOSURES UNDER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION & REDRESSAL) ACT, 2013

Your Company has always strived for providing a safe workplace for every individual working in Company's premises. To ensure the same, your Company has already put in place in previous years a policy on Prevention of Sexual Harassment which is in line with the requirements of The Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013 covering all the employees and outsiders visiting the company. As per the said policy, an Internal Complaints Committee is constituted at all locations for redressal and disposal of complaints received regarding sexual harassment.

The Ethics Committee [Committee constituted under the prevention of Sexual Harassment at the workplace (Prevention, Prohibition and Redressal) Act, 2013 ("POSH Act")] would then investigate and submit its report. We affirm that adequate access is available to all who wished to register a complaint under the policy.

During the year under review, no complaints of sexual harassment were filed as per the provisions of The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

32. COMPLIANCE WITH SECRETARIAL STANDARDS

The Company complies with all applicable Secretarial Standards issued by the Institute of Company Secretaries of India.

33. ACKNOWLEDGEMENTS

The Board of Directors would like to place on record their sincere thanks to the shareholders and investors of the Company for the trust in the Company. Your Directors would also like to thank various Government Authorities both Centre and State , banks, customers, employees, all other stakeholders for their continued co-operation and support .

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

Paritosh Kumar

MR.PARITOSH KUMAR
(CHAIRMAN CUM MANAGING DIRECTOR)
DIN 00393387

36-K, SARABHA NAGAR,
LUDHIANA-141001

MR. ASHISH GARG
(MANAGING DIRECTOR)
DIN 01829082

36-K,SARABHA NAGAR,
LUDHIANA-141001

Date : 29th NOVEMBER 2021
Place: LUDHIANA

ANNEXURE -1

ANNUAL REPORT ON CSR (FY 2020-21)

1. Brief outline on CSR Policy of the Company.

This policy, which encompasses HAPPY FORGINGS LIMTED's philosophy for delineating its responsibility as a corporate citizen and lays down the guidelines and mechanism for undertaking socially useful programmes for welfare & sustainable development of the community as large, is termed as the "HAPPY FORGINGS LIMITED CSR POLICY". This policy shall apply to all CSR initiatives and activities taken up at the various work centres and locations of HAPPY FORGINGS LIMITED.

The Company strongly believes that sustainable community development is essential for harmony between the community and the industry. The Company endeavours to make a positive contribution especially to the underprivileged communities by supporting a wide range of socio-economic, educational and health initiatives. Detailed CSR Policy of the Company has been uploaded on the website of the Company and can be viewed at below mentioned link:
https://www.happyforgingsltd.com/csr.php

2. Composition of CSR Committee:

Sl. No.	Name of Director	Designation /Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	Mr. Paritosh Kumar	Chairman (Chairman and Managing Director)	1	1
2	Mr. Ashish Garg	Member (Managing Director)	1	1
3	Mr. Suresh Chander Garg	Member (Independent Director)	1	1
4	Mr. Prakash Bagla	Member (Nominee Director)	1	1
5	Mr. Satish Sekhri	Member (Independent Director)	-	-

3. Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company: https://www.happyforgingsltd.com/csr.php

		schedule VII to the Act.	No).	State.	District.	project (In Rs.).	Direct (Yes/No).	Name.	CSR Registration number.
1	Promoting Education- construction of primary school building	Promoting education	Yes	Punjab	Ludhiana	10381537	Yes	-	-

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

1	2	3	4	5		6	7	8	
Sl. No.	**Name of the Project**	**Item from the list of activities in schedule VII to the Act.**	**Local area (Yes/ No).**	**Location of the project.**		**Amount spent for the project (In. Rs)**	**Mode of Implementation - Direct (Yes/No).**	**Mode of implementation - Through implementing agency.**	
				State.	**District.**			**Name.**	**CSR Registration number.**
1	Environmental sustainability- Maintenance of Park	Environmental sustainability, ecological balance, protection of flora and fauna	Yes	Punjab	Ludhiana	986250	Yes	-	-
2	Promoting health care including preventive health care- Distribution of Masks	Promoting health care including preventinve health care	Yes	Punjab	Ludhiana	1575000	Yes	-	-
3	Animal welfare- Donation to Krishan Balram Gaushala Trust	Animal welfare	Yes	Punjab	Ludhiana	1500000	Yes	-	-

(d)Amount spent in Administrative Overheads : Nil

(e) Amount spent on Impact Assessment, if applicable: NA

(f)Total amount spent for the Financial Year

(8b+8c+8d+8e): 14,442,787

(g) Excess amount for set off, if any: Nil

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

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

Sl. No.	**Preceding Financial Year.**	**Amount transferred to Unspent CSR Account under section 135 (6) (Rs. in Lakh)**	**Amount spent in the reporting Financial Year (Rs. in Lakh).**	**Amount transferred to any fund specified under Schedule VII as per section 135(6), if any.**			**Amount remaining to be spent in succeeding financial years. (Rs. in Lakh)**
				Name of the Fund	**Amount (Rs.in Lakh).**	**Date of transfer.**	
------------NIL------------							

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

1	2	3	4	5	6	7	8	9
Sl. No.	**Project ID.**	**Name of the**	**Financial Year in**	**Project duration.**	**Total amount**	**Amount spent on the**	**Cumulative amount spent**	**Status of the project -**

		Project.	which the project was commenced.		allocated for the project (Rs. in lakh)	project in the reporting Financial Year (Rs. in Lakh)	at the end of reporting Financial Year. (Rs. in Lakh)	Completed /Ongoing.
---------------------NIL---------------------								

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year: N.A.

(asset-wise details).

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

11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5).: N.A.

For **Happy Forgings Limited**

Paritosh Kumar

(Paritosh Kumar)
Chairman, CSR Committee
DIN: 01829082

(Ashish Garg)
Managing Director
DIN: 00393387

Date : 29th November 2021
Place: Ludhiana

HAPPY FORGINGS LIMITED

ANNEXURE -2

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 certain arm's length transaction under third proviso thereto.

Details of contracts or arrangements or transactions not at Arm's length basis.

SL. No.	Particulars	Details
a)	Name (s) of the related party & nature of relationship	N.A.
b)	Nature of contracts/arrangements/transaction	N.A.
c)	Duration of the contracts/arrangements/transaction	N.A.
d)	Salient terms of the contracts or arrangements or transaction including the value, if any	N.A.
e)	Justification for entering into such contracts or arrangements or transactions'	N.A.
f)	Date of approval by the Board	N.A.
g)	Amount paid as advances, if any	N.A.
h)	Date on which the special resolution was passed in General meeting as required under first proviso to section 188	N.A.

1. Details of contracts or arrangements or transactions at Arm's length basis

(AMOUNT IN LAKHS)

SL. NO.	PARTICULARS	DETAILS
a.)	Name of the related party & nature of relationship	**TECHNOMEC INDUSTRIES (**Director's Firm)
b.)	Nature of contracts/arrangements/transaction	1. Sale, purchase or supply of any goods or materials 2. Availing or rendering of any services
c.)	Duration of contracts/arrangements/transaction	Continuation Basis
d.)	Salient terms of the contracts or arrangements or transactions	1.Sale of scrap Rs.1.15 Lakhs 2.Sale of Raw material Rs.6.43 Lakhs 3. Job work sales Rs. 0.16 Lakhs Job Work expenses Rs.74.85 Lakhs

f.)	Date of approval by the Board	N.A.
g.)	Amount paid as advances, if any	N.A.

(AMOUNT IN LAKHS)

2. *Details of contracts or arrangements or transactions at Arm's length basis.*

SL. No.	Particulars	Details
a)	Name (s) of the related party & nature of relationship	**Happy Steels Private Limited.** (Private company in which a director or manager [or his relative] is a member or Director)
b)	Nature of contracts/arrangements/transaction	1. Sale, purchase or supply of any goods or materials 2. Availing or rendering of any services
c)	Duration of the contracts/arrangements/transaction	Continuation Basis
d)	Salient terms of the contracts or arrangements or transaction including the value, if any	1.Sale of Finished goods Rs. 4.91 lakhs 2. Sales of raw material Rs.0.17 Lakhs 3. Job work expenses Rs. 1.85 lakhs
e)	Date of approval by the Board	NA
f)	Amount paid as advances, if any	N.A.

*3. **Details of contracts or arrangements or transactions at Arm's length basis.***

(AMOUNT IN LAKHS)

SL. No.	Particulars	Details
a)	Name (s) of the related party & nature of relationship	**Venus Industrial Corporation [DIRECTO R'S RELATIVE]**
b)	Nature of contracts/arrangements/transaction	1. Sale, purchase or supply of any goods or materials 2. Availing or rendering of any services
c)	Duration of the contracts/arrangements/transaction	Continuation Basis
d)	Salient terms of the contracts or arrangements or transaction including the value, if any	1.Sale of raw material Rs.425.01 Lakhs 2. Job work sales Rs.11.86 Lakhs
e)	Date of approval by the Board	NA
f)	Amount paid as advances, if any	N.A.

4. ***Details of contracts or arrangements or transactions at Arm's length basis.***

(AMOUNT IN LAKHS)

SL. No.	Particulars	Details
a)	Name (s) of the related party & nature of relationship	**Gamo Forgings Private Limited** (Private company in which a director or manager [or his relative] is a member or Director)
b)	Nature of contracts/arrangements/transaction	1. Sale, purchase or supply of any goods or materials 2. Availing or rendering of any services
c)	Duration of the contracts/arrangements/transaction	Continuation Basis
d)	Salient terms of the contracts or arrangements or transaction including the value, if any	1.Sale of raw material Rs.0.06 Lakhs 2. Job work sales Rs.2.88 Lakhs

e)	Date of approval by the Board	NA
f)	Amount paid as advances, if any	N.A.

ANNEXURE-3

HAPPY FORGINGS LIMITED

DIRECTORS ATTENDANCE AT THE BOARD MEETING

NAME OF DIRECTOR → DATE OF BOARD MEETING ↓	MODE	PARITOSH KUMAR	ASHISH GARG	SUMAN GARG	MEGHA GARG	NARINDER SINGH JUNEJA	SURESH CHANDER GARG	VIKAS GIYA	NITIN AGARWAL	PRAKASH BAGLA	SATISH SEKHRI
4/5/2020	PHYSICAL	P	P	P	P	P	P	P	P	LOA	NA
11/6/2020	VIDEO CONFRENCE	P	P	P	P	P	P	P	P	P	P
4/11/2020	VIDEO CONFRENCE	P	P	LOA	LOA	P	P	P	P	P	P
4/12/2020	VIDEO CONFRENCE	P	P	LOA	P	P	P	P	P	P	P
26/02/2021	VIDEO CONFRENCE	P	P	LOA	P	P	P	P	P	P	P

P-PRESENT

LOA-LEAVE OF ABSENCE
NA- NOT APPLICABLE

Paritosh Kumar

PARITOSH KUMAR(DIN : 00393387)
CHAIRMAN CUM MANAGING DIRECOTR
ADD : 36-K, SARABHA NAGAR
LUDHIANA-141001

ASHISH GARG(DIN 01829082)
MANAGING DIRECOTR
ADD : 36-K, SARABHA NAGAR
LUDHIANA-141001

ANNEXURE-3

HAPPY FORGINGS LIMITED

ATTENDANCE RECORD-AUDIT COMMITTEE MEETING

NAME OF MEMBER / DATE OF MEETING	MODE	VIKAS GIYA (CHAIRMAN)	SURESH CHANDER GARG	ASHISH GARG	PRAKASH BAGLA	SATISH SEKHRI
4/5/2020	PHYSICAL	P	P	P	P	NA
4/11/2020	VIDEO CONFRENCE	P	P	P	P	NA
4/12/2020	VIDEO CONFRENCE	P	P	P	P	P

HAPPY FORGINGS LIMITED

ATTENDANCE RECORD-CSR COMMITTEE MEETING

NAME OF MEMBER / DATE OF MEETING	MODE	PARITOSH KUMAR (CHAIRMAN)	SURESH CHANDER GARG	ASHISH GARG	PRAKASH BAGLA	
4/5/2020	PHYSICAL	P	P	P	P	

HAPPY FORGINGS LIMITED

ATTENDANCE RECORD-N & R COMMITTEE MEETING

NAME OF MEMBER / DATE OF MEETING	MODE	SURESH CHANDER GARG (CHAIRMAN)	VIKAS GIYA	NITIN AGARWAL	PRAKASH BAGLA
4/5/2020	PHYSICAL	P	P	P	LOA
4/11/2020	VIDEO CONFRENCE	P	P	P	P

HAPPY FORGINGS LIMITED

ATTENDANCE RECORD- INDEPENDENT DIRECTORS COMMITTEE MEETING

NAME OF MEMBER / DATE OF MEETING	MODE	SURESH CHANDER GARG (CHAIRMAN)	VIKAS GIYA	SATISH SEKHRI	
31.03.2021	VIDEO CONFRENCE	P	P	P	

PARITOSH KUMAR(DIN : 00393387)
CHAIRMAN CUM MANAGING DIRECOTR
ADD : 36-K, SARABHA NAGAR
LUDHIANA-141001

ASHISH GARG(DIN 01829082)
MANAGING DIRECOTR
ADD : 36-K, SARABHA NAGAR
LUDHIANA-141001

Form No. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDING 31st MARCH, 2021

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To
The Members,
Happy Forgings Limited,
B XXIX 2254 1 Kanganwal Road,
PO Jugiana, Ludhiana, Punjab

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **M/s HAPPY FORGINGS 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 books, papers, minute 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 secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the **financial year 1st April, 2020 to 31st March, 2021 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:

1. I have examined the books, papers, minute books, forms and returns filed and other records maintained by **M/s HAPPY FORGINGS LIMITED** ("The Company") for the financial year ended on **31st March, 2021** according to the provisions of:

I. The Companies Act, 2013 (the Act) and the rules made thereunder;

II. The Securities Contracts (Regulation) Act, 1956 ('**SCRA**') and the rules made thereunder; [not applicable being unlisted public company]

III. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

IV. 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; [not applicable as there was no Foreign Direct Investment, Overseas Direct Investment or External Commercial Borrowings]

V. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('**SEBI Act**'):-

P.S. Bathla & Associates Company Secretaries CP 2585 FCS-4391 LUDHIANA

(a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 **[not applicable being unlisted public company]**

(b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 **[not applicable being unlisted public company]**

(c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018; **[not applicable being unlisted public company]**

(d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; **[not applicable being unlisted public company]**

(e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **[not applicable being unlisted public company]**

(f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; **(Not Applicable as the Company is not registered as Registrar to Issue and Share Transfer Agent during the financial Year under review)**

(g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; **[not applicable being unlisted public company]**

(h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018. **[not applicable being unlisted public company]**

VI The Company has informed that following Sector Specific laws are applicable to the Company:

a) Standards of Weights & Measures (Enforcement) Act, 1985,

b) Hazardous Wastes (Management and Handling) Rules, 1989

c) Environment Protection Act, 1986 and Environment Impact Assessment Notification S.O 60(E), dated 27-01-1994

d) Air (Prevention and Control of Pollution) Act, 1981 and Air (Prevention and Control of Pollution) Rules, 1982

e) Water (Prevention & Control of Pollution) Act, 1974 & Water (Prevention and Control of Pollution) Rules, 1975

P.S. Bathla & Associates
CP 2585
FCS-4391
LUDHIANA
Company Secretaries

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

(i) Secretarial Standards issued by The Institute of Company Secretaries of India (ICSI).

(ii) The SEBI Listing Obligations and Disclosure Requirements (LODR) Regulations, 2015. **[not applicable being unlisted public company]**

I Report that during the period under review the Company has complied with the provisions of The Acts, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

2. 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 notices are given to all directors to schedule the Board Meetings, Agenda and detailed notes on 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 Board Meetings and Committee Meetings, have been carried out** unanimously as recorded in the minutes of the meetings of Board of Directors and Committee of the Board, as case may be.

I further report that, based on the information received and records maintained there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

Place: Ludhiana
Date: 29th November, 2021
UDIN: F004391C001577501

For P S Bathla & Associates

P.S. Bathla & Associates
CP 2585
FCS-4391
LUDHIANA
Company Secretaries

Parminder Singh Bathla
Company Secretary
FCS No. 4391
C.P No. 2585
SCO-6, Feroze Gandhi Market,
Ludhiana

Note: This Report is to be read with my Letter of even date which is annexed as Annexure A and forms an integral part of this report.

'Annexure A'

To
The Members,
Happy Forgings Limited.
B XXIX 2254 1 Kanganwal Road,
PO Jugiana, Ludhiana, Punjab

My report of even date is to be read along with this letter.

1. 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.

2. I have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices, I followed, provide a reasonable basis for my opinion.

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

4. Where ever required, I have obtained the Management representation about the Compliance of laws, rules and regulations and happening of events etc.

5. The Compliance of the provisions of Corporate and other applicable laws, Rules, Regulations, standards is the responsibility of management. My examination was limited to the verification of procedure on test basis.

6. 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.

Place: Ludhiana
Date: 29th November, 2021

For P S Bathla & Associates

Parminder Singh Bathla
Company Secretary
FCS No. 4391
C.P No. 2585
SCO-6, Feroze Gandhi Market,
Ludhiana

2nd & 3rd Floor
Golf View Corporate Tower - B
Sector - 42, Sector Road
Gurugram - 122 002, Haryana, India
Tel : +91 124 681 6000

INDEPENDENT AUDITOR'S REPORT

To the Members of Happy Forgings Limited

Report on the Audit of the Ind AS Financial Statements

Opinion

We have audited the accompanying Ind AS financial statements of Happy Forgings Limited ("the Company"), which comprise the Balance sheet as at March 31 2021, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the Ind AS financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing (SAs), as 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 Ind AS 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 financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Director's report, but does not include the Ind AS financial statements and our auditor's report thereon.

Our opinion on the Ind AS 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 Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the 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.

S.R. BATLIBOI & CO. LLP
GURUGRAM

Responsibilities of Management for the Ind AS 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 Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the 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 Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Ind AS 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 Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the Ind AS 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 Ind AS financial statements.

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

- Identify and assess the risks of material misstatement of the Ind AS 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 with reference to financial statements in place and the operating effectiveness of such

S.R. BATLIBOI & CO. LLP * GURUGRAM *

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 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 Ind AS financial statements, including the disclosures, and whether the Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. 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 the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;

   (d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

S. R. BATLIBOI & CO. LLP * GURUGRAM *

(e) On the basis of the written representations received from the directors as on March 31, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164 (2) of the Act;

(f) With respect to the adequacy of the internal financial controls of the Company with reference to these Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;

(g) In our opinion, the managerial remuneration for the year ended March 31, 2021 has been paid/ provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V of the Act;

(h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

i. The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements – Refer Note 28 to the Ind AS financial statements;

ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts. If any

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

Other matters

The Ind AS financial statements of the Company for the year ended March 31, 2020, included in these Ind AS financial statements, have been audited by the predecessor auditor who expressed an unmodified opinion on those statements on November 04, 2020.

For **S.R. Batliboi & Co. LLP**
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

per Pravin Tulsyan
Partner
Membership Number: 108044
UDIN: 21108044AAAALP2260
Place of Signature: Gurugram
Date: November 29, 2021

S.R. BATLIBOI & CO. LLP
GURUGRAM

Annexure 1 referred to in paragraph 1 under the heading "Report on Other Legal and Regulatory Requirements" of our report of even date

Re: Happy Forgings Limited ('the Company')

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.

(b) Fixed assets have been physically verified by the management during the year and no material discrepancies were identified on such verification.

(c) According to information and explanations given by the management, the title deeds of immovable properties included in property plant and equipment are held in the name of the Company.

(ii) The inventory has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable. No material discrepancies were noticed on such physical verification. Inventories lying with third parties have been confirmed by them as at March 31, 2021 and no material discrepancies were noticed in respect of such confirmation.

(iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii)(a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.

(iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities granted in respect of which provisions of Section 185 and 186 of the Companies Act 2013 are applicable and hence not commented upon.

(v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.

(vi) 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(1) of the Companies Act, 2013, related to the manufacture of forging and related components, and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.

(vii) (a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, goods and service tax, duty of custom, goods and service tax, cess and other statutory dues have generally been regularly deposited with the appropriate authorities though there has been slight delays in few cases.

S.R. BATLIBOI & CO. LLP
GURUGRAM

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income tax, duty of custom, cess, Goods and service tax and other statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

(c) According to the records of the Company, the dues outstanding of income-tax, service tax and duty of excise on account of any dispute, are as follows:

Name of Statute	Nature of the dues	Amount of demand (in Rs lakhs)	Period to which the amount relates	Forum where dispute is pending
Central Excise Act, 1944	Reversal of Cenvat Credit on Job work (*)	30.34	FY 2006-07 to FY 2016-17	The Additional Commissioner of Central Goods and Services Tax, Commissionerate Ludhiana
Central Excise Act, 1944	Wrong classification of parts of Railway engine	157.01	FY 2015-16 to FY 2017-18	The Joint Commissioner of Central GST Commissionerate, Ludhiana
Goods and Services Tax Act, 2017	Wrong classification of parts of Railway engine (**)	332.89	FY 2017-18 to FY 2019-2020	
Goods and Services Tax Act, 2017	Credit claimed through TRAN-1 on capital goods in transit	29.39	FY 2017-18	Punjab and Haryana High Court
Income Tax Act, 1961	Additions on account of unaccounted sales of stock/excess share premium received	143.24	FY 2015-16	Commissioner of Income tax (Appeals)

* deposit with department of INR 25.70 lacs against litigation.
** deposit with department of INR 332.89 lacs against litigation in subsequent financial year 2021-22.
According to information and explanations given to us, there are no dues outstanding of sales-tax, custom duty, value added tax and cess which have not been deposited on account of any dispute.

(viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of loans or borrowing to banks and financial institution. The Company did not have any outstanding loans or borrowing dues in respect of government or dues to debenture holders during the year.

S. R. BATLIBOI & CO. LLP * GURUGRAM *

(e) On the basis of the written representations received from the directors as on March 31, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164 (2) of the Act;

(f) With respect to the adequacy of the internal financial controls of the Company with reference to these Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;

(g) In our opinion, the managerial remuneration for the year ended March 31, 2021 has been paid/ provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V of the Act;

(h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

i. The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements – Refer Note 28 to the Ind AS financial statements;

ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts. If any

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

Other matters

The Ind AS financial statements of the Company for the year ended March 31, 2020, included in these Ind AS financial statements, have been audited by the predecessor auditor who expressed an unmodified opinion on those statements on November 04, 2020.

For **S.R. Batliboi & Co. LLP**
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

per Pravin Tulsyan
Partner
Membership Number: 108044
UDIN: 21108044AAAALP2260
Place of Signature: Gurugram
Date: November 29, 2021

S. R. BATLIBOI & CO. LLP * GURUGRAM *

ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF HAPPY FORGINGS LIMITED

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

We were engaged to audit the internal financial controls with reference to standalone financial statements of Happy Forgings Limited ("the Company") as of March 31, 2021, in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting 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 the 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 Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to these financial statements 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 as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both issued by ICAI.

Because of the matter described in Disclaimer of Opinion paragraph below, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on internal financial controls with reference to these financial statements of the Company.

Meaning of Internal Financial Controls with Reference to Financial Statements

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

S. R. BATLIBOI & CO. LLP * GURUGRAM *

(e) On the basis of the written representations received from the directors as on March 31, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164 (2) of the Act;

(f) With respect to the adequacy of the internal financial controls of the Company with reference to these Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;

(g) In our opinion, the managerial remuneration for the year ended March 31, 2021 has been paid/ provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V of the Act;

(h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

i. The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements – Refer Note 28 to the Ind AS financial statements;

ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts. If any

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

Other matters

The Ind AS financial statements of the Company for the year ended March 31, 2020, included in these Ind AS financial statements, have been audited by the predecessor auditor who expressed an unmodified opinion on those statements on November 04, 2020.

For **S.R. Batliboi & Co. LLP**
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

per Pravin Tulsyan
Partner
Membership Number: 108044
UDIN: 21108044AAAALP2260
Place of Signature: Gurugram
Date: November 29, 2021

S. R. BATLIBOI & CO. LLP * GURUGRAM *

HAPPY FORGINGS LIMITED
(CIN No.: U28910PB1979PLC004008)
BALANCE SHEET AS AT MARCH 31, 2021

(All amount in INR Lakhs, unless otherwise stated)

	Particulars	Notes	As at March 31, 2021	As at March 31, 2020
I	**ASSETS**			
	Non-current assets			
	a. Property, plant and equipment	3	41,452.08	27,528.69
	b. Capital work-in-progress	3	3,942.18	10,835.11
	c. Intangible assets	4	13.13	16.62
	d. Intangible assets under development	4	95.14	78.89
	e. Financial assets:			
	(i) Other financial assets	5	716.68	710.63
	f. Other non current assets	6	7,678.66	9,448.31
	Total non-current assets		**53,897.87**	**48,618.25**
	Current assets			
	a. Inventories	7	12,156.71	7,565.40
	b. Financial assets:			
	(i) Trade receivables	8	16,556.93	13,785.13
	(ii) Cash and cash equivalents	9	288.70	204.62
	(iii) Bank balance other than (ii) above	10	2,489.58	5,371.40
	(iv) Other financial assets	5	229.73	244.97
	c. Other current assets	6	1,737.53	511.38
	Total current assets		**33,459.18**	**27,682.90**
	Assets held for sale	3	61.71	-
	TOTAL ASSETS		**87,418.76**	**76,301.15**
II	**EQUITY AND LIABILITIES**			
	Equity			
	a. Equity share capital	11	894.99	894.99
	b. Other equity	12	63,620.65	54,952.50
	Total equity		**64,515.64**	**55,847.49**
	Non-current liabilities			
	a. Financial liabilities:			
	(i) Borrowings	13	2,999.63	5,421.77
	b. Provisions	14	332.89	59.72
	c. Deferred tax liabilities (net)	15	2,016.16	2,104.92
	Total non-current liabilities		**5,348.68**	**7,586.41**
	Current liabilities			
	a. Financial liabilities			
	(i) Borrowings	13	11,982.24	5,071.41
	(ii) Trade payables	16		
	Total outstanding dues of micro enterprises and small enterprises		643.07	162.44
	Total outstanding dues of creditors other than micro enterprises and small enterprises		3,150.30	3,428.06
	(iii) Other financial liabilities	17	958.13	3,170.46
	b. Other current liabilities	18	436.97	431.53
	c. Provisions	14	189.84	168.27
	d. Liabilities for current tax (net)		193.89	435.08
	Total current liabilities		**17,554.44**	**12,867.25**
	Total liabilities		**22,903.12**	**20,453.66**
	TOTAL EQUITY AND LIABILITIES		87,418.76	76,301.15
	Summary of Significant accounting policies	2		

The accompanying notes referred to above formed an integral part of the financial statement

This is the Balance Sheet referred to in our report of even date
For S.R.Batliboi and Co. LLP
Chartered Accountants
ICAI Firm registration no. 301003E/E300005

per Pravin Tulsyan
Partner
Membership No. 108044

S. R. BATLIBOI & CO. LLP * GURUGRAM *

Place: Gurugram
Date: November 29, 2021

The above Standalone balance sheet should be read in conjunction with the accompanying notes
For and on behalf of the board of directors of
HAPPY FORGINGS LIMITED

(Paritosh Kumar)
Chairman Cum Managing Director
DIN : 00393387

(Ashish Garg)
Managing Director
DIN : 01829082

(Depesh Kumar)
Company Secretary
Membership No. 6957F
Place: Ludhiana
Date: November 29, 2021

(Pankaj Kumar Goyal)
Chief financial officer
Membership No. 500683

HAPPY FORGINGS LIMITED
(CIN No.: U28910PB1979PLC004008)
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2021

(All amount in INR Lakhs, unless otherwise stated)

Particulars	Note No.	For the year ended March 31, 2021	For the year ended March 31, 2020
Income			
Revenue			
Revenue from contracts with customers	19(i)	54,866.51	52,634.10
Other operating revenue	19(ii)	3,629.31	3,174.60
(a) Total revenue from operations		58,495.82	55,808.70
(b) Other Income	20	585.54	682.09
TOTAL INCOME (c=a+b)		59,081.36	56,490.79
Expenses			
(a) Cost of raw materials and components consumed	21	25,725.67	23,447.85
(b) (Increase)/ decrease in inventories of finished goods, work-in-progress	22	(565.27)	1,454.37
(c) Employee benefits expense	23	4,899.86	4,906.82
(d) Depreciation and amortization expense	24	3,575.73	2,840.23
(e) Finance costs	25	1,178.35	2,505.84
(f) Other expenses	26	12,561.17	11,755.60
TOTAL EXPENSES (d)		47,375.51	46,910.71
PROFIT BEFORE TAX (e=c-d)		11,705.85	9,580.08
Tax expense:			
a) Current tax	15	3,149.88	2,577.79
b) Adjustments of tax relating to earlier periods	15	0.15	(87.67)
c) Deferred tax	15	(88.76)	(904.12)
TOTAL TAX EXPENSE (f)		3,061.27	1,586.00
PROFIT FOR THE YEAR (g=e-f)		8,644.58	7,994.08
OTHER COMPREHENSIVE INCOME (OCI)			
Other comprehensive income not to be reclassified to profit or loss in subsequent periods			
(a) Remeasurements gain/(losses) on defined benefit plans		31.50	3.45
(b) Income tax effect on (a) above		7.93	0.87
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX (h)		23.57	2.58
TOTAL COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX (g+h)		8,668.15	7,996.67
Earnings per share: (In INR)			
(Nominal value Rs 100/- per share (March 31, 2020 Rs 100 per share)			
(i) Basic	27	965.88	900.85
(ii) Diluted	27	965.88	900.85
Summary of Significant accounting policies	2		

The Accompanying notes referred to above formed an integral part of the financial statements

This is the Statement of Profit and Loss referred to in our report of even date
For S.R.Batliboi and Co. LLP
Chartered Accountants
ICAI Firm registration no. 301003E/E300005

per Pravin Tulsyan
Partner
Membership No. 108044

S. R. BATLIBOI & CO. LLP GURUGRAM

Place: Gurugram
Date: November 29, 2021

The above Standalone Statement of profit and loss should be read in conjunction with the accompanying notes
For and on behalf of the board of directors of
HAPPY FORGINGS LIMITED

(Paritosh Kumar)
Chairman Cum Managing Director
DIN : 00393387

(Ashish Garg)
Managing Director
DIN : 01829082

(Depesh Kumar)
Company Secretary
Membership No. 6957F
Place: Ludhiana
Date: November 29, 2021.

(Pankaj Kumar Goyal)
Chief financial officer
Membership No. 500683

HAPPY FORGINGS LIMITED
(CIN No.: U28910PB1979PLC004008)
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2021

(All amount in INR Lakhs, unless otherwise stated)

A. Equity share capital (Refer note 11)
Equity shares of Rs. 100/-each issued, subscribed & fully paid

	Numbers	Amount
As at April 01, 2019	8,94,990	894.99
Issue of equity share capital	-	-
As at March31, 2020	8,94,990	894.99
Issue of equity share capital	-	-
As at March31, 2021	8,94,990	894.99

B. Other equity (Refer note 12)

	Securities Premium	Retained Earnings	Total other equity
As at April 01, 2020	21,633.04	33,319.46	54,952.50
Profit for the year		8,644.58	8,644.58
Other comprehensive income		23.57	23.57
Total comprehensive income		8,668.15	8,668.15
As at March 31, 2021	21,633.04	41,987.61	63,620.65

	Securities Premium	Retained Earnings	Total Other equity
As at April 01, 2019	21,633.04	25,322.80	46,955.84
Profit for the year		7,994.08	7,994.08
Other comprehensive income		2.58	2.58
Total comprehensive income		7,996.66	7,996.66
As at March 31, 2020	21,633.04	33,319.46	54,952.50

The above statement of changes in equity should be read in conjunction with the accompanying notes

For S.R.Batliboi and Co. LLP
Chartered Accountants
ICAI Firm registration no. 301003E/E300005

per Pravin Tulsyan
Partner
Membership No. 108044

S. R. BATLIBOI & CO. LLP * GURUGRAM *

Place: Gurugram
Date: November 29, 2021

For and on behalf of the board of directors of
HAPPY FORGINGS LIMITED

(Paritosh Kumar)
Chairman Cum Managing Director
DIN : 00393387

(Ashish Garg)
Managing Director
DIN : 01829082

(Depesh Kumar)
Company Secretary
Membership No. 6957F
Place: Ludhiana
Date: November 29, 2021

(Pankaj Kumar Goyal)
Chief financial officer
Membership No. 500683

HAPPY FORGINGS LIMITED
(CIN No.: U28910PB1979PLC004008)
STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 31,2021

(All amount in INR Lakhs, unless otherwise stated)

Particulars	For the year ended March 31,2021	For the year ended March 31,2020
Cash flow from operating activities		
Profit before tax	11,705.85	9,648.48
Adjustments to reconcile profit before tax to net cash flows		
Depreciation and amortization expense	3,575.73	2,840.23
Gain on disposal of property, plant and equipment	108.32	(3.09)
Fair value gain on financial instruments at fair value through profit and loss	(36.58)	114.32
Dividend Income	-	(24.56)
Interest Income	(425.94)	(378.11)
Provision for doubtful debts	(21.00)	(5.99)
Unrealised foreign exchange gain (net)	12.30	(70.98)
Profit on sale of Investment	(2.57)	(40.27)
Liabilities written bank to the extent no longer required	(1.23)	-
Provision for doubtful advances	174.75	44.00
Financial costs	1,178.35	2,505.83
Operating profit before working capital changes	**16,267.98**	**14,629.87**
Working capital adjustments:		
(increase)/decrease in inventory	(4,591.32)	2,207.66
(increase)/decrease in trade receivable	(2,856.03)	3,177.03
(increase)/decrease in other financial assets	60.35	(310.72)
(increase)/decrease in other assets	(1,253.81)	(55.17)
increase/(decrease) in long term provision	273.17	24.23
increase/(decrease) in trade payable	204.10	383.91
increase/(decrease) in other financial current liabilities	245.17	(184.70)
increase/(decrease) in other current liabilities	5.48	(518.94)
increase/(decrease) in short term provision	21.57	8.97
Cash generated from operations	**8,376.65**	**19,362.14**
Income tax paid (net of refund)	3,391.23	2,490.99
Cash flow from/(used in) operating activities (A)	**4,985.43**	**16,871.15**
Cash flow from Investing activities		
Payment for property ,plant and equipment (including capital work in progress and capital advance)	(9,166.40)	(10,106.63)
Purchase of intangibles assets	-	(21.65)
Proceeds from sale of property, plant and equipment	-	3.25
(Purchase)/sale of current investment (net)	2.57	3,067.35
(Investment)/proceeds from maturity of deposits with remaining maturity for more than 3 months	2,881.82	(5,086.89)
Dividend received	-	24.56
Interest received (finance income)	413.51	228.46
Net cash flow from/(used in) investing activities (B)	**(5,868.50)**	**(11,891.56)**

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S. R. BATLIBOI & CO. LLP * GURUGRAM *

HAPPY FORGINGS LIMITED
(CIN No.: U28910PB1979PLC004008)
STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 31,2021

(All amount in INR Lakhs, unless otherwise stated)

Particulars	For the year ended March 31,2021	For the year ended March 31,2020
Cash flow from financing activities		
Repayment of long-term borrowings	(2,923.95)	(1,565.29)
Repayment of short-term borrowing (net)	6,632.09	(2,263.80)
Repayment of Loan to directors (net)	(201.27)	-
Interest paid	(2,539.72)	(1,169.54)
Net cash flow from/(used in) financing activities (C)	967.15	(4,998.63)
Net Increase /(decrease) in cash and cash equivalents (A+B+C)	84.08	-19.03
Cash and cash equivalents at the beginning of the year	204.62	223.65
Cash and cash equivalents as at year end	288.70	204.62
Cash and cash equivalents comprise of the following:		
Cash on hand	1.83	8.33
Balances with banks	286.87	196.29
Cash and cash equivalent as at year end	288.70	204.62

Summary of significant accounting policies (Note 2)

Notes:

i) The above Cash flow statement has been prepared under the "Indirect Method" as set out in Indian Accounting Standard-7, "Statement of Cash Flows".

ii) Figures in bracket indicate cash outflow.

This is the Cash Flow Statement referred to in our report of even date

For S.R.Batliboi and Co. LLP
Chartered Accountants
ICAI Firm registration no. 301003E/E300005

per Pravin Tulsyan
Partner
Membership No. 108044

S. R. BATLIBOI & CO. LLP
GURUGRAM

Place: Gurugram
Date: November 29, 2021

The above Standalone cash flow statement should be read in conjunction with the accompanying notes

For and on behalf of the board of directors of
HAPPY FORGINGS LIMITED

Paritosh Kumar

(Paritosh Kumar)
Chairman Cum Managing Director
DIN: 00393387

(Ashish Garg)
Managing Director
DIN : 01829082

(Depesh Kumar)
Company Secretary
Membership No. 6957F
Place: Ludhiana
Date: November 29, 2021

(Pankaj Kumar Goyal)
Chief financial officer
Membership No. 500683

HAPPY FORGINGS LIMITED

Significant Accounting Policies

1. **Corporate Information:**
Happy Forgings Limited ("the company") is a public company domiciled in India and is incorporated under the provisions of the Companies Act applicable in India. The company is principally engaged in manufacturing of forgings and related components. The registered office of the company is located at B-XXIX-2254/1, Kanganwal Road, P.O. Jugiana, Ludhiana 141120, Punjab, India. The Company's CIN is U28910PB1979PLC004008.

The financial statements were approved for issue in accordance with a resolution of the Board of Directors on November 29, 2021

2a. Significant Accounting Policies:

(i) Basis of Preparation

The Financial Statements have been prepared in accordance with Indian Accounting Standards (IND AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) and presentation requirements of Division II of Schedule III to the Companies Act, 2013, (Ind AS compliant Schedule III), as applicable to the financial statements.

The financial statements have been prepared on a historical cost basis, except for the following assets and liabilities which have been measured at fair value or revalued amount:

- Derivative financial instruments,
- Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments), and
- Defined benefit pension plans - plan assets are measured at fair value

In addition, the carrying values of recognised assets and liabilities designated as hedged items in fair value hedges that would otherwise be carried at amortised cost are adjusted to record changes in the fair values attributable to the risks that are being hedged in effective hedge relationships. The financial statements are presented in INR and all values are rounded to the nearest lacs (INR 00,000), except when otherwise indicated.

(ii) Current versus non-current classification

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 realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent 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.

S. R. BATLIBOI & CO. LLP * GURUGRAM *

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.

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

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

(iii) Foreign currencies

- Functional and presentation currency
  The financial statements are presented in INR, which is company's functional currency

- Transactions and balances
  Transactions in foreign currencies are initially recorded by the Company at the functional currency spot rates at the date the transaction first qualifies for recognition.
  Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Exchange differences arising on monetary items from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates including on forward contracts are generally recognised in profit or loss Financial instruments designated as Hedge Instruments are mark to market using the valuation given by the bank on the reporting date.

  Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

2b. Summary of significant accounting policies :

(i) Revenue from contract with customer

Revenue from contracts with customers is recognized when the control of goods or services are transferred to the customer at an amount that reflects the consideration to which the company expects to entitled in exchange for the goods or services. The company has generally concluded

S. R. BATLIBOI & CO. LLP * GURUGRAM *

that it is the principal in all its revenue arrangements, because it typically controls the goods or services before transferring them to the customers.

The disclosures of significant accounting judgments, estimates and assumptions relating to revenue from contracts with customers are provided in Note 2C.

Sale of Goods : Revenue from the sale of goods is recognized at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods. The normal credit term is 30 to 180 days upon delivery.

The Company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., warranties, customer loyalty points). In determining the transaction price for the sale of equipment, the Company considers the effects of variable consideration, the existence of significant financing components, noncash consideration, and consideration payable to the customer (if any).

Variable Consideration

If the consideration in a contract includes a variable amount, the Company estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognized will not occur when the associated uncertainty with the variable consideration is subsequently resolved. Contracts for the sale of goods provide customers with a customary right of return in case of defects, quality issues etc. The rights of return and volume rebates give rise to variable consideration.

The Company uses the expected value method to estimate the goods that will not be returned because this method best predicts the amount of variable consideration to which the Company will be entitled. The requirements in Ind AS 115 on constraining estimates of variable consideration are also applied in order to determine the amount of variable consideration that can be included in the transaction price. For goods that are expected to be returned, instead of revenue, the Company recognises a refund liability. A right of return asset (and corresponding adjustment to cost of sales) is also recognised for the right to recover products from a customer.

The disclosures of significant estimates and assumptions relating to the estimation of variable consideration for returns and volume rebates are provided in Note 2C

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns, GST and allowances, trade discounts and volume rebates.

Sale of Services: Revenue from the sale of services is in nature of job work on customer product which normally takes 1 – 4 days maximum and hence, revenue is recognized when products are sent to customer on which job work is completed. The normal credit period is 30 to 60 days.

Tooling Income /Die design and preparation charges: Revenues from Tooling Income/die design and preparation charges are recognized as and when the significant risks and rewards of ownership of dies are transferred to the customers as per the terms of the contract.

S. R. BATLIBOI & CO. LLP * GURUGRAM *

Export Incentives: Revenue from export incentives are accounted for on export of goods if the entitlements can be estimated with reasonable assurance and conditions precedent to claim are fulfilled.

Trade Receivables: A receivable is recognised if an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in Section (viii) Financial instruments – initial recognition and subsequent measurement.

Contract liabilities: A contract liability is recognised if a payment is received or a payment is due (whichever is earlier) from a customer before the Company transfers the related goods or services. Contract liabilities are recognised as revenue when the Company performs under the contract (i.e., transfers control of the related goods or services to the customer).

Other Income

Dividend Income: Dividend income is recognized when the right to receive payment is established, which is generally when shareholders approve the same.

Interest Income: Interest Income is recognized on time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest income is included under the head 'Other Income' in the Statement of Profit and Loss.

(ii) Government Grants

Government grants are recognized where there is reasonable assurance that the grant will be received, and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed.

When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset

When the grant relates to duty benefit availed under Export Promotion Capital Goods (EPCG) Scheme, it is accounted for by way of reducing the cost from related asset and accordingly value of the asset has been depreciated with such reduced cost.

When loans or similar assistance are provided by governments or related institutions, with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as a government grant. The loan or assistance is initially recognised and measured at fair value and the government grant is measured as the difference between the initial carrying value of the loan and the proceeds received. The loan is subsequently measured as per the accounting policy applicable to financial liabilities.

S. R. BATLIBOI & CO. LLP * GURUGRAM *

(iii) Inventory Valuation

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

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

- Raw materials: cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on first in, first out basis.
- Finished goods and work in progress: cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity but excluding borrowing costs. Cost is determined on first in, first out (FIFO) basis.
- Traded goods: cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis.
- Dies are valued at cost or net realizable value. Cost includes direct material and labour and a proportion of manufacturing overheads based on normal operating capacity. Cost of dies are determined on a weighted average basis
- Packing Materials, Stores and Spares and other products are determined on FIFO basis.
- Scrap is valued at estimated realizable value.

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.

(iv) Cash and Cash Equivalents

Cash and cash equivalents in the balance sheet comprise cash on hand, cash at banks and Short term deposits with banks with an original maturity of three months or less which are subject to an insignificant risk of change in value.

(v) Property, Plant and Equipment

Property, Plant and equipment and capital work in progress are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any.

Cost comprises purchase price and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. Machinery spares which can be used only in connection with an item of Property, Plant and equipment and whose use is expected to be irregular are capitalized and depreciated over the useful life of the principal item of the relevant assets. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

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Depreciation

Depreciation for identified asset/ components is computed on straight line method based on useful lives, determined based on internal technical evaluation as follows:

Property, Plant & equipment:

Type of Assets	Schedule II life (years)	Useful Lives*
Building –Factory	30	30
Building- others	60	60
Plant & Machinery	15	3 to 30
Plant & Machinery Die Blocks	15	3
Computers	3	3
Office Equipment	5	5
Electrical Fittings & installations	10	10
Furniture & Fixtures	10	10
Vehicles	8	8

*The Company, based on technical assessment made by technical expert and management estimate, depreciates certain items of building, plant and equipment over estimated useful lives which are different from the useful life prescribed in Schedule II to the Companies Act, 2013. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

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

The residual values, useful lives and method of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

(vi) Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no

future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition 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 derecognised.

The useful live of intangible assets are as follows:

Type of Assets	Schedule II life (years)	Useful Lives*
Software	6	6

(vii) 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 units (CGU) fair value less costs of disposal and its value in use. The recoverable amount 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 are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, the Company extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the Company operates, or for the market in which the asset is used. Impairment losses including impairment on inventories, are recognised in the statement of profit and loss.

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For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit and loss.

Intangible assets with indefinite useful lives are tested for impairment annually at the end of the financial year at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

(viii) Financial Instrument

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

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under Ind AS 115. Refer to the accounting policies in section (i) Revenue from contracts with customers.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

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Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through other comprehensive income (FVTOCI) with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

a. Financial Assets at amortized Cost (debt instruments)

A 'financial asset' is measured at the amortised cost if both the following conditions are met:

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss. The Company's financial assets at amortised cost includes trade receivables, and loan to an associate and loan to a director included under other non-current financial assets.

b. Financial assets at fair value through other comprehensive income (FVTOCI) (debt instrument)

A 'financial asset' is classified as at the FVTOCI if both of the following criteria are met:

- The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. For debt instruments, at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value changes recognised in OCI is reclassified from the equity to profit or loss.

c. Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under Ind AS 32 Financial Instruments: Presentation and are not held for trading. The

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classification is determined on an instrument-by-instrument basis. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS103 applies are classified as at FVTPL.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit and loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

d. **Financial Assets at Fair value through Profit or Loss (FVTPL)**

Financial assets at fair value through profit or loss are carried in the balance sheet at fair value with net changes in fair value recognised in the statement of profit and loss.

This category includes derivative instruments and listed equity investments which the Company had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are recognised in the statement of profit and loss when the right of payment has been established.

Investments in Mutual Funds are accounted for at Fair value through Profit or Loss Account.

Embedded Derivatives

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

Impairment of Financial Assets

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

a) Financial assets that are debt instruments, and are measured at amortized cost e.g. loans, debt securities, deposits, trade receivables and bank balance

b) Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 115

c) Financial assets that are measured at FVTOCI

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables.

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The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognizing impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e. all cash shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider:

- All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument
- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms

As a practical expedient, the Company uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the statement of profit and loss. This amount is reflected under the head 'other expenses' in the statement of profit and loss.

The balance sheet presentation for various financial instruments is described below:

- Financial assets measured as at amortized cost, contractual revenue receivables and lease receivables:
  ECL is presented as an allowance, i.e. as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Company does not reduce impairment allowance from the gross carrying amount.
- Debt instruments measured at FVTOCI:

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Since financial assets are already reflected at fair value, impairment allowance is not further reduced from its value. Rather, ECL amount is presented as 'accumulated impairment amount' in the OCI.

For assessing increase in credit risk and impairment loss, the Company combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

The Company does not have any purchased or originated credit-impaired (POCI) financial assets, i.e. financial assets which are credit impaired on purchase/ origination.

e. Trade Receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within one year and therefore are all classified as current. Where the settlement is due after one year, they are classified as non-current. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Company holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

Trade receivables are disclosed in Note 8.

De-recognition of Financial Assets:

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Company's balance sheet) when:

(i) The right to receive cash flows from asset have expired, or.

(ii) The Company has transferred its right to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a " pass-through" arrangement and either:
   a) The Company has transferred substantially all the risks and rewards of the asset, or
   b) The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its right to receive cash flows from an asset or has entered into a pass through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

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Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Financial Liabilities:

Initial Recognition and Measurement.

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments.

Subsequent Measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortised cost (loans and borrowings)

a) **Financial Liabilities at Fair Value through Profit or Loss**

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. The Company has not designated any financial liabilities upon initial measurement recognition at fair value through profit or loss. Financial liabilities at fair value through profit or loss are at each reporting date with all the changes recognized in the Statement of Profit and Loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ losses are not subsequently transferred to P&L. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit and loss. The Company has not designated any financial liability as at fair value through profit or loss.

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b) **Financial Liabilities measured at Amortised Cost (Loan and Borrowings)**

This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate (EIR) amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

This category generally applies to borrowings. For more information refer Note 13.

Financial guarantee contracts

Financial guarantee contracts issued by the company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of Ind AS 115.

Borrowings

After initial recognition, interest-bearing borrowings are subsequently measured at amortised cost using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

De-recognition of Financial Liability.

A Financial Liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss

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Reclassification of financial assets

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 Company's senior management determines change in the business model as a result of external or internal changes which are significant to the Company's operations. Such changes are evident to external parties. A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

The following table shows various reclassification and how they are accounted for:

Original classification	Revised classification	Accounting treatment
Amortised cost	FVTPL	Fair value is measured at reclassification date. Difference between previous amortized cost and fair value is recognised in profit or loss.
FVTPL	Amortised Cost	Fair value at reclassification date becomes its new gross carrying amount. EIR is calculated based on the new gross carrying amount.
Amortised cost	FVTOCI	Fair value is measured at reclassification date. Difference between previous amortised cost and fair value is recognised in OCI. No change in EIR due to reclassification.
FVTOCI	Amortised cost	Fair value at reclassification date becomes its new amortised cost carrying amount. However, cumulative gain or loss in OCI is adjusted against fair value. Consequently, the asset is measured as if it had always been measured at amortised cost.
FVTPL	FVTOCI	Fair value at reclassification date becomes its new carrying amount. No other adjustment is required.
FVTOCI	FVTPL	Assets continue to be measured at fair value. Cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss the reclassification date.

Offsetting of Financial Instruments.

Financial Assets and Financial Liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

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(ix) Derivative Financial Instruments

Initial recognition and subsequent measurement

The Company uses derivative financial instruments, such as forward currency contracts and interest rate swaps to hedge its foreign currency risks and interest rate risks respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at their fair value at the end of each reporting period. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. The purchase contracts that meet the definition of a derivative under Ind AS 109 are recognised in the statement of profit and loss.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges, which is recognised in OCI and later reclassified to profit or loss when the hedge item affects profit or loss or treated as basis adjustment if a hedged forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability.

(x) Employee Benefits

a) Defined Contribution Scheme:

Provident Fund

Contributions in respect of Employees are made to the Fund administered by the Regional Provident Fund Commissioner as per the provisions of Employees' Provident Fund and Miscellaneous Provisions Act, 1952 and are charged to Statement of Profit and Loss as and when services are rendered by employees. Such benefits are classified as Defined Contribution Schemes as the Company does not carry any further obligations, apart from the contributions made on a monthly basis to the Regional Provident fund.

Employee's State Insurance

The Company maintains an insurance policy to fund a post-employment medical assistance scheme, which is a defined contribution plan. The Company's contribution to State Plans namely Employees' State Insurance Fund and Employees' Pension Scheme are charged to the statement of profit and loss every year.

b) Defined Benefit Plan:

Gratuity

The Company provides for gratuity, a defined benefit plan (the "Gratuity Plan") covering eligible employees in accordance with the Payment of Gratuity Act, 1972. The Gratuity Plan provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment. The gratuity plan in Company is funded

through annual contributions to Life Insurance Corporation of India (LIC) under its Company's Gratuity Scheme.

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The Company's Liabilities on account of Gratuity on retirement of employees are determined at the end of each financial year on the basis of actuarial valuation certificates obtained from Registered Actuary in accordance with the measurement procedure as per Indian Accounting Standard (INDAS)-19 'Employee Benefits'. The liability or asset recognised in the balance sheet in respect of defined benefit gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of government bonds. Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity through other comprehensive income in the period in which they arise. They are included in retained earnings through OCI in the statement of changes in equity and in the balance sheet. Past-service costs are recognised immediately in statement of profit and loss.. Re-measurements are not reclassified to profit or loss in subsequent periods.

Compensated Absences

Accumulated compensated absences, which are expected to be availed or encashed within 12 months from the end of the year end are treated as short term employee benefits. The obligation towards the same is measured at the expected cost of accumulating compensated absences as the additional amount expected to be paid as a result of the unused entitlement as at the year end.

Accumulated compensated absences, which are expected to be availed or encashed beyond 12 months from the end of the year end are treated as other long term employee benefits. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of government bonds. Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in statement of profit or loss in the period in which they arise. Past-service costs are recognised immediately in statement of profit and loss.

Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

(xi) Earnings per Share (EPS)

Basic earnings per share is computed by dividing profit or loss attributable to equity shareholders of the Company (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the year.

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Partly paid equity shares are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders of the company and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares. The Company did not have any potentially dilutive securities in any of the years presented.

(xii) Dividend

The Company recognises a liability to pay dividend to equity holders when the distribution is authorised, and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

(xiii) Taxes

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Company shall reflect the effect of uncertainty for each uncertain tax treatment by using either most likely method or expected value method, depending on which method predicts better resolution of the treatment.

Deferred tax

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

when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting nor taxable profit or loss at the time of the transaction.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the

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extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilized, except:
when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting nor taxable profit or loss at the time of the transaction.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured using tax rates (and laws) that have been enacted or substantively enacted tax rates expected to apply to taxable income in the years in which the temporary differences are expected to be received or settled.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

(xiv) Provisions and Contingent Liabilities/Assets

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.
If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Warranty provisions

The Company provides warranties for general repairs of defects that existed at the time of sale, as required by law. Provisions related to these assurance-type warranties are recognised when the product is sold, or the service is provided to the customer. Initial recognition is

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based on historical experience. The initial estimate of warranty-related costs is revised annually.

Contingent Liabilities

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made. Contingent liabilities are not recognised but are disclosed in notes.

Contingent Assets are not recognised in financial statements but are disclosed, since the former treatment may result in the recognition of income that may or may not be realised. However, when the realisation of income is virtually certain, then the related asset is not a contingent asset and its recognition is appropriate.

(xv) Cash Flow Statement

The Cash flow statement has been prepared under the "Indirect Method" as set out in Indian Accounting Standard-7, "Statement of Cash Flows" whereby profit for the period 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 of the company are segregated.

(xvi) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

(xvii) Non-current assets held for sale

The Company classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale rather than through continuing use.

Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable, and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale/ distribution should indicate that it is

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unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the sale and the sale expected within one year from the date of classification.

For these purposes, sale transactions include exchanges of non-current assets for other non-current assets when the exchange has commercial substance. The criteria for held for sale classification is regarded met only when the assets or disposal group is available for immediate sale in its present condition, subject only to terms that are usual and customary for sales of such assets (or disposal groups), its sale is highly probable; and it will genuinely be sold, not abandoned. The Company treats sale of the asset or disposal group to be highly probable when:

- The appropriate level of management is committed to a plan to sell the asset (or disposal group),
- An active programme to locate a buyer and complete the plan has been initiated (if applicable),
- The asset (or disposal group) is being actively marketed for sale at a price that is reasonable in relation to its current fair value,
- The sale is expected to qualify for recognition as a completed sale within one year from the date of classification, and
- Actions required to complete the plan indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

Property, plant and equipment and intangible are not depreciated, or amortised assets once classified as held for sale.

Assets and liabilities classified as held for sale are presented separately from other items in the balance sheet

(xviii) Fair Value Measurements

The Company measures financial instruments, such as, derivatives at fair value at each balance sheet date.

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. The fair value measurement is based on the presumption 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 or the most advantageous market must be accessible by 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.

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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, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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

Level 1- Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
Level 2- Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
Level 3- Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Company determines the policies and procedures for both recurring fair value measurement, such as derivative instruments and unquoted financial assets measured at fair value, and for non-recurring measurement, such as assets held for distribution in discontinued operations.

External valuers are involved for valuation of significant assets and liabilities, if any. At each reporting date, the Company analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per the Company's accounting policies.

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 the fair value hierarchy as explained above.

This note summarises accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

- Disclosures for valuation methods, significant estimates and assumptions (notes 2c, 35, 36)
- Quantitative disclosures of fair value measurement hierarchy (note 35)
- Financial instruments (including those carried at amortised cost) (notes 5, 8, 9, 10, 13, 17 16, 35, 36)

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(xix) **Leases**

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange of consideration is considered as lease.

As a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets. The right-of-use assets are also subject to impairment. Refer to the accounting policies in section (vii) Impairment of non-financial assets.

Lease Liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including insubstance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate.

Lease liabilities, which separately shown in the financial statement are measured initially at the present value of the lease payments. Subsequent measurement of a lease liability includes the increase of the carrying amount to reflect interest on the lease liability and reducing (while affecting other comprehensive income) the carrying amount to reflect the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments.

Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

As a Lessor

Lease income from operating leases where the Company is a lessor is recognised in income on a straightline basis over the lease term unless the receipts are structured to increase in line with expected general inflation to compensate the lessor for the expected inflationary cost increases. The respective leased assets are included in the balance sheet based on their respective nature.

(xx) Segment Reporting

As per the compliance of IND AS 108 operating segments are identified based on reports reviewed by CODM (chief operating decision-maker). Operating segments can either be based on products/services or on geographical basis. It is reported in a manner which is consistent with the internal reporting provided to the judgment of CODM.

2c. Significant accounting judgments, estimates and assumptions

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Judgements

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

a. **Useful life of property, plant and equipment and intangible assets**
The Company uses its technical expertise along with historical and industry trends for determining the economic useful life of an asset/component of an asset. The useful lives are reviewed by management periodically and revised, if appropriate. In case of a revision, the unamortised amount is charged over the remaining useful life of the assets.

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b. **Taxes**

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the nature of business differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Company establishes provisions, based on reasonable estimates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective domicile of the companies.

Valuation of recoverable income tax assets especially with respect to deferred tax assets on tax loss carry forwards. Significant judgement is required in determining the provision for income tax. The Company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

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

c. **Contingencies**

The Company estimates the provisions and liabilities and to the probability of expenses arising claims from legal disputes/litigations that have present obligations as a result of past events and it is probable that outflow of resources will be required to settle the obligations. These provisions are reviewed at the end of each reporting date and are adjusted to reflect the current best estimates.

d. **Defined Benefit Plans**

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

Further details about gratuity obligations are given in Note 32.

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e. **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. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. See Note 35 and 36 for further disclosures.

2d. Applicability of new and amended standards

(a) Amendments to Ind AS 116: Covid-19-Related Rent Concessions.

The amendments provide relief to lessees from applying Ind AS 116 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under Ind AS 116, if the change were not a lease modification.

The amendments are applicable for annual reporting periods beginning on or after the 1 April 2020. In case, a lessee has not yet approved the financial statements for issue before the issuance of this amendment, then the same may be applied for annual reporting periods beginning on or after the 1 April 2019. This amendment had no impact on the financial statements of the Company.

(b) Amendments to Ind AS 103 Business Combinations

The amendment to Ind AS 103 Business Combinations clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that, together, significantly contribute to the ability to create output. Furthermore, it clarifies that a business can exist without including all of the inputs and processes needed to create outputs.

These amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after the 1 April 2020 and to asset acquisitions that occur on or after the beginning of that period. This amendment had no impact on the financial statements of the Company but may impact future periods should the Company enter into any business combinations.

(c) Amendments to Ind AS 1 and Ind AS 8: Definition of Material

The amendments provide a new definition of material that states, "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The

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amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no impact on the financial statements of, nor is there expected to be any future impact to the Company.

These amendments are applicable prospectively for annual periods beginning on or after the 1 April 2020. The amendments to the definition of material are not expected to have a significant impact on the Company's financial statements.

(d) Amendments to Ind AS 107 and Ind AS 109: Interest Rate Benchmark Reform

The amendments to Ind AS 109 Financial Instruments: Recognition and Measurement provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainty about the timing and/or amount of benchmark-based cash flows of the hedged item or the hedging instrument. These amendments have no impact on the financial statements of the Company as it does not have any interest rate hedge relationships.

The amendments to Ind AS 107 prescribe the disclosures which entities are required to make for hedging relationships to which the reliefs as per the amendments in Ind AS 109 are applied. These amendments are applicable for annual periods beginning on or after the 1 April 2020. These amendments are not expected to have a significant impact on the Company's financial statements.

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Happy Forgings Limited
(CIN No.: U28910PB1979PLC004008)
NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2021

3. Property, plant and equipment and capital work in progress

(All amount in INR Lakhs, unless otherwise stated)

Particulars	Freehold Land	Buildings	Plant & equipment	Furniture & fixture	Vehicles	Office equipment's	Computers	Electrical Fittings & equipment	Total	CWIP	Assets held for sale
Cost or valuation											
At 01 April 2019	2,677.56	2,316.24	25,717.18	143.09	565.43	142.24	19.02	343.96	31,924.72	4,551.05	-
Additions	170.98	-	210.52	10.69	22.77	16.13	5.97	-	437.06	7,145.64	-
Transfers			861.58						861.58	(861.58)	-
Disposals	-	-	(3.25)	-	-	-	-	-	(3.25)	-	-
At 31 March 2020	2,848.55	2,316.24	26,786.03	153.78	588.20	158.37	24.98	343.96	33,220.11	10,835.11	-
Additions	15.51		609.36	6.14	5.70	9.37	10.23	-	656.31	10,506.39	-
Transfers		3,777.52	12,587.88	50.57	-	36.25	13.37	482.05	16,947.64	(17,009.35)	61.71
Disposals	-	-	(190.61)	-	-	-	-	-	(190.61)	(389.97)	-
At 31 March 2021	2,864.06	6,093.76	39,792.65	210.49	593.90	203.98	48.59	826.01	50,633.45	3,942.18	61.71
Depreciation											
At 01 April 2019	-	99.59	2,590.61	18.14	68.61	28.68	7.47	44.19	2,857.29	-	-
Depreciation charge for the year	-	100.35	2,536.14	18.95	79.58	32.67	7.06	62.47	2,837.22	-	-
Disposals	-	-	(3.09)	-	-	-	-	-	(3.09)	-	-
At 31 March 2020	-	199.94	5,123.66	37.09	148.20	61.35	14.52	106.66	5,691.42	-	-
Depreciation charge for the year	-	103.69	3,252.02	26.55	80.64	38.06	8.94	62.34	3,572.24	-	-
Disposals	-	-	(82.29)	-	-	-	-	-	(82.29)	-	-
At 31 March 2021	-	303.63	8,293.39	63.64	228.84	99.41	23.46	168.99	9,181.37	-	-
Net book value											
At 31 March 2021	2,864.06	5,790.13	31,499.26	146.85	365.06	104.58	25.12	657.02	41,452.08	3,942.18	61.71
At 31 March 2020	2,848.55	2,116.30	21,662.36	116.69	440.01	97.02	10.46	237.31	27,528.69	10,835.11	-

Refer to note 13.3 for information on property plant and equipment pledged as security by the Company.
Capital work in progress: Capital work in progress mainly comprise plant & machinery, building and others.
Asset held for sale includes (property, plant and equipment Rs 61.71 lakh) valued at lower of cost or net market value which ever is lower.

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Happy Forgings Limited
(CIN No.: U28910PB1979PLC004008)
NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2021

4. Intangible assets

(All amount in INR Lakhs, unless otherwise stated)

Particulars	Computer software	Intangible assets under development
Cost		
At 01 April 2019	**15.47**	62.64
Additions	5.40	16.25
At 31 March 2020	**20.87**	**78.89**
Additions	-	16.25
At 31 March 2021	**20.87**	**95.14**
Amortisation		
At 01 April 2019	**1.24**	-
Amortisation	3.01	-
At 31 March 2020	**4.25**	-
Amortisation	3.49	-
At 31 March 2021	**7.74**	-
Net book value		
At 31 March 2021	**13.13**	**95.14**
At 31 March 2020	**16.62**	**78.89**

Intangible assets under development includes computer software's.

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(All amount in INR Lakhs, unless otherwise stated)

5. Other financial assets

Non-current

Particulars	As at March 31, 2021	As at March 31, 2020
Security deposits	716.68	710.63
Total	716.68	710.63

Current

Particulars	As at March 31, 2021	As at March 31, 2020
Interest receivable on electricity deposits	156.41	32.78
Interest receivable on term deposits	14.24	125.44
Loan to employees	14.17	11.75
Derivative instruments at fair value through profit or loss (note 17)		
Foreign exchange forward contracts	36.58	34.31
Export benefits recoverable (Duty drawback)	8.18	10.75
Others recoverables	0.15	29.94
Total	229.73	244.97

Refer note 35 on Financial instruments for determination of fair value.

Break up of financial assets carried at amortised cost

Particulars	As at March 31, 2021	As at March 31, 2020
Security deposits (Refer note 5)	716.68	710.63
Trade receivables (Refer note 8)	16,556.93	13,785.13
Cash and cash equivalents (Refer note 9)	288.70	204.62
Bank balance other than above (Refer note 10)	2,489.58	5,371.40
Interest receivable on electricity deposits (Refer note 5)	156.41	32.78
Interest receivable on term deposits (Refer note 5)	14.24	125.44
Loan to employees (Refer note 5)	14.17	11.75
Export benefits recoverable (Duty drawback) (Refer note 5)	8.18	10.75
Total	20,244.89	20,252.50

Break up of financial assets carried at fair value through OCI

Particulars	As at March 31, 2021	As at March 31, 2020
Derivatives financial Instruments at fair value through profit or loss (Refer note 5)	36.58	34.31
Total	36.58	34.31

6. Other assets

Non-current

Particulars	As at March 31, 2021	As at March 31, 2020
Capital advances	7,798.16	9,420.74
Less: Provision for doubtful advances	174.75	-
Net capital advances	7,623.41	9,420.74
Prepaid expenses	38.39	10.71
Balances with government authorities	16.86	16.86
Total	7,678.66	9,448.31

Current

Particulars	As at March 31, 2021	As at March 31, 2020
Balances with government authorities	532.33	241.45
Export benefits recoverable (MEIS*)	113.96	80.54
Advance to suppliers	332.61	69.37
Prepaid expenses	202.48	120.02
Electricity duty receivable	556.15	-
Total	1,737.53	511.38

* Includes receivable against schemes such as Merchandise Exports from India Scheme (MEIS) and Remission of Duties and Taxes on Exported Products (RoDTEP) . MEIS scheme has been replaced by RoDTEP Scheme w.e.f 01.01.2021 vide notification 19/2015-2020 dated 17th August, 2021, accordingly export benefits has been accounted for as per new scheme w.e.f. 01.01.2021. There are no unfulfilled conditions or other contingencies attached to the said Government grants.

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(All amount in INR Lakhs, unless otherwise stated)

7. Inventories

Particulars	As at March 31, 2021	As at March 31, 2020
Raw materials and components (includes material lying with third party and stock in transit) at cost	5,793.98	1,802.83
Work-in-progress (includes material lying with third party) at cost	3,021.01	2,706.82
Finished goods (Including Scrap and stock in transit) (at lower of cost and net realised value)	2,725.91	2,474.83
Stores and spares	615.81	580.92
Total inventories at the lower of cost and net realisable value	12,156.71	7,565.40

Inventory include inventory in transit of:

Particulars	As at March 31, 2021	As at March 31, 2020
Raw material	162.05	-
Finished goods	1,544.10	1,346.26
Total	1,706.15	1,346.26

8. Trade Receivables

Particulars	As at March 31, 2021	As at March 31, 2020
Unsecured, considered good	15,507.79	13,035.40
Unsecured, considered good from related party (Refer note 34)	343.84	0.37
Secured, considered good	705.30	749.36
Trade Receivables-credit impaired	143.00	164.00
	16,699.93	13,949.13
Impairment allowance for bad and doubtful debts		
Trade Receivables-credit impaired	(143.00)	(164.00)
Total	16,556.93	13,785.13

-No trade or other receivable are due from directors or other officers of the company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.
'-For terms and conditions relating to related party receivables, refer Note 34.
'-Trade receivables are non-interest bearing and are generally on terms of 30 to 180 days.

The carrying amount of trade receivables includes receivables which are discounted with banks. 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. Accordingly, the Company continues to recognise the transferred assets in entirely in its balance sheet.
Refer note 13.3 for information on trade receivables pledged as security by the Company.

The amount repayable under the bill discounting arrangement is presented as borrowing. The relevant carrying amounts are as follows:

Particulars	As at March 31, 2021	As at March 31, 2020
Transferred receivables	4,251.76	2,337.30
Associated Borrowing (Refer note 13)	4,251.76	2,337.30

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(All amount in INR Lakhs, unless otherwise stated)

9. Cash and cash equivalents

Particulars	As at March 31, 2021	As at March 31, 2020
Balance with banks :		
On current accounts	0.07	196.29
Deposits with original maturity of less than three months	286.80	-
Cash on hand	1.83	8.33
Total	288.70	204.62

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Company, and earn interest at the respective short-term deposit rates.

The Company has no undrawn committed borrowing facilities.

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following:

Particulars	As at March 31, 2021	As at March 31, 2020
Balance with banks:		
-On current account	0.07	196.29
-Deposits with original maturity of less than three months	286.80	-
Cash on hand	1.83	8.33
Less: Bank overdraft	-	-
Total	288.70	204.62

Changes in liabilities arising from financing activities

Particulars	As at March 31, 2021	As at March 31, 2020
Non current borrowings (refer note 13)		
Opening balance	5,421.76	6,987.06
Cash flows	(2,422.13)	(1,565.30)
Changes in fair value	-	-
Other non cash items	-	-
Closing balance	2,999.63	5,421.76

Particulars	As at March 31, 2021	As at March 31, 2020
Current borrowings (refer note 13)		
Opening balance	5,071.42	7,339.71
Cash flows	6,910.82	(2,268.29)
Changes in fair value	-	-
Other non cash items	-	-
Closing balance	11,982.24	5,071.42

10. Other Bank balances

Particulars	As at March 31, 2021	As at March 31, 2020
Deposits with maturity of less than twelve months	2,489.58	5,371.40
Total	2,489.58	5,371.40

Bank deposits earns interest at fixed rates. short-term deposits are generally made for varying periods within twelve months, depending on the cash requirements of the company, and earn interest at the respective deposit rates.

Fixed deposit of Rs. 1,001.78 lakh (March 31, 2020 Rs. 1,511.80 lakh) as margin money against issuance of letter of credit/bank guarantee/overdraft limits

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HAPPY FORGINGS LIMITED
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(All amount in INR Lakhs, unless otherwise stated)

11. Share capital

Particulars	As at March 31, 2021	As at March 31, 2020
Authorized		
10,00,000 (March 31,2020 10,00,000) equity shares of Rs. 100/- each	1,000.00	1,000.00
Issued, subscribed and fully paid-up		
8,94,990 (March 31,2020 8,94,990) equity shares of Rs. 100/- each	894.99	894.99

a) Movement in equity share capital:

Equity shares	No of shares	Amount
As at April 01, 2019	8,94,990	894.99
Add: Changes during the year	-	-
As at March 31,2020	8,94,990	894.99
Add: Changes during the year	-	-
As at March 31,2021	8,94,990	894.99

b) Rights, preferences and restrictions attached with shares

Equity Shares: The Company currently has only one class of equity shares having a par value of ₹ 100/- per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend, if proposed by the Board of Directors, is subject to the approval of the shareholders in the Annual General Meeting, except in case of Interim dividend.

In the event of liquidation of the Company, the holders of equity shares are entitled to receive the remaining assets of the Company, after distribution of all preferential amounts. Investor shareholders having 11.76% of total shareholding, upon the occurrence of Liquidation Event, shall be entitled to receive, subject to applicable laws in preference to all other equity shareholder of the Company and before any distribution is made out of the assets of the Company, higher of the cost of shares purchased or liquidation proceeds in proportion to the respective shareholding as defined investment agreement. The distribution for remaining proceeds, if any, will be in proportion to the number of equity shares held by the shareholders.

c) Details of equity shares held by shareholders holding more than 5% of the aggregate shares in the Company

Name of Shareholder	As at March 2021		As at March 2020	
	No of shares	%	No of shares	%
Sh. Paritosh Kumar Garg	3,56,066	39.78%	3,56,066	39.78%
Smt. Suman Garg	88,879	9.93%	88,879	9.93%
Sh. Ashish Garg	1,29,462	14.47%	1,29,462	14.47%
Sh. Paritosh K. Garg (HUF)	56,077	6.27%	56,077	6.27%
Ayush Capital and Financial Services Private Limited	1,07,451	12.01%	1,07,451	12.01%
Vistra ITCL (India) Limited	1,05,290	11.76%	1,05,290	11.76%

As per records of the Company, including its register of shareholders/ members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

d) The Company has not issued any bonus shares and shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date.

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(All amount in INR Lakhs, unless otherwise stated)

12. Other equity

Particulars	As at March 31, 2021	As at March 31, 2020
Securities Premium		
Opening balance	21,633.04	21,633.04
Add: Additions/(deletions) during the year	-	-
Closing balance (a)	**21,633.04**	**21,633.04**
Retained earnings		
Opening balance	33,319.46	25,322.80
Add: Profit for the year	8,644.58	7,994.08
Add: Other Comprehensive Income (OCI)	23.57	2.58
Closing balance (b)	**41,987.61**	**33,319.46**
Total (a+b)	63,620.65	54,952.50

(a) Security premium

Securities premium is used to record the premium on issue of shares. The reserve can be utilised only for limited purposes such as issuance of bonus shares in accordance with the provisions of the Companies Act, 2013.

(b) Retained earning

Retained earnings are the portion of a company's profit that is held or retained and saved for future use. Retained earnings could be used for funding an expansion or paying dividends to shareholders at a later date.

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(All amount in INR Lakhs, unless otherwise stated)

13. Borrowings

13.1 Non Current

Particulars	As at March 31, 2021	As at March 31, 2020
Secured		
Term Loans		
-Indian rupee loan from banks	3,328.94	3,929.05
-Indian rupee loan from banks (Vehicle Loan)	35.85	78.88
-Indian rupee loan from other than banks	-	2,280.81
Unsecured		
Loan from directors (Refer note 34)	-	480.00
	3,364.79	**6,768.74**
Less : Current maturity of long term loans*		
-Indian rupee from banks	(365.16)	(653.40)
-Indian rupee loan from other than banks	-	(693.57)
Total	2,999.63	5,421.77

*Disclosed under Other current financial liabilities (Refer Note 17)

13.2 Current

Particulars	As at March 31, 2021	As at March 31, 2020
Secured		
Working capital loan repayable on demand		
-Indian rupee loan from bank	7,451.75	2,192.47
-Foreign currency loan from bank	-	541.64
Unsecured		
Other short-term borrowings		
- Bill discounting	4,251.76	2,337.30
- Loan from directors (refer note 34)	278.73	-
Total	**11,982.24**	**5,071.41**

13.3 Summary of security and unsecured loans as follows:

	As at March 31, 2021	As at March 31, 2020
Secured Long term Borrowings	3,364.79	6,288.74
Secured Short term Borrowings	7,451.75	2,734.12
Unsecured Long term Borrowings	-	480.00
Unsecured Short term Borrowings	4,530.49	2,337.30
Total Borrowings	**15,347.03**	**11,840.16**

Facility Category	As at March 31, 2021	As at March 31, 2020
Term Loan (Note-1)	3,328.94	6,209.87
Vehicle Loan (Note-2)	35.85	78.88
Cash Credit & Working capital demand loan (Note-3)	7,451.75	2,734.12
Bill Discounting (Note-4)	4,251.76	2,337.30
Unsecured Loan (Note-5)	278.73	480.00
Total	15,347.03	11,840.17

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HAPPY FORGINGS LIMITED
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(All amount in INR Lakhs, unless otherwise stated)

Security, repayment & pricing details*

Security Details	Terms of Repayment	Interest rate
Term Loan (Note-1)		
Outstanding Term Loan of ICICI Bank having Payable Balance of Rs 1,585.80 lakhs (March 31,2020 Rs 1,693.80 lakhs)		
(Charge on current assets and movable fixed assets and charge immovable fixed assets) - Subservient charge over entire current assets and movable fixed assets of the Borrower, both present & future; - First pari passu charge by way of equitable mortgage over Phase III project land and building at Dugri ("New Immovable Property I") (detailed below); - Negative lien over the land where CLU is not available having value of INR 26.1 mn ("New Immovable Property II"); - Unconditional and Irrevocable personal guarantee of Paritosh Garg, Ashish Garg and Suman Garg to remain valid during the entire tenor of the facilities.	20 Quarterly Instalments of Rs 40.50 lacs , 54 lacs , 81 lacs , 108 lacs , 112.95 lacs - 4 times each . Instalment starting from Jun 21 and last instalment due in Mar 26	Having interest rate 7.75 - 8.65%
Outstanding Term Loan of Yes Bank having Payable Balance of Rs 1,761.25 lakhs (March 31,2020 Rs 1,880.57 lakhs)		
(Charge on current assets and movable fixed assets and charge immovable fixed assets) - Subservient charge over entire current assets and movable fixed assets of the Borrower, both present & future; - First pari passu charge by way of equitable mortgage over Phase III project land and building at Dugri ("New Immovable Property I") (detailed below); - Negative lien over the land where CLU is not available having value of INR 26.1 mn ("New Immovable Property II"); - Unconditional and Irrevocable personal guarantee of Paritosh Garg, Ashish Garg and Suman Garg to remain valid during the entire tenor of the facilities.	20 Quarterly Instalments of Rs 44.80 lacs , 59.71 lacs , 89.54 lacs , 119.43 lacs , 126.86 lacs - 4 times each . Instalment starting from Jun 21 and last instalment due in Mar 26	Having interest rate 7.60 - 9.40%
Outstanding Term Loan of IDBI Bank having Nil Payable Balance (March 31,2020 Rs 383 lakhs)		
Primary secured by way of first mortgage/ charge on all movable and immovable properties of the company located at Village Jugiana & Village Kanganwal, Ludhiana, together with buildings and other structures, fixed plant & machinery and fixtures & fittings etc. present and future and by way of second charge on current assets of the company and secured against personal guarantee of promoter directors of the company	Loan is repayable on quarterly basis from FY2014-15 to F.Y. 2021-22 along with Interest	Having interest rate 10.40%
Outstanding Term Loan of Bajaj having Nil Payable Balance (March 31,2020 Rs 2,280.81 lakhs)		
Primary secured by way of Subservient charge on entire Current Assets and moveable fixed asset of the company, both present & future. 1st Pari- passu charge on new project Land (For which CLU has obtained) & Building, Negative lien on land for which CLU is not available and personal guarantee of promoter director of the company	Loan is repayable on quarterly basis from FY 2018 -19 to F.Y. 2025-26 along with Interest	Having interest rate 9%
Vehicle Loan (Note-2)		
Outstanding 3 Car Loans from HDFC Bank having Payable Balance of Rs 35.85 lakhs (March 31,2020 Rs 69.68 lakhs)		
-Secured by the exclusive charge on the asset financed by the banks	Repayable in monthly instalment with last instalment due in Oct-22. Rs 35.85 lakh	Having interest rate 8.02% , 9.01%,9.76%
Outstanding Car Loan from SBI Bank having Nil Payable Balance (March 31,2020 Rs 0.05 lakhs)		
Hypothecation of Car	NIL	NIL
Outstanding Car Loan from Yes Bank having Nil Payable Balance (March 31,2020 Rs 9.19 lakhs)		
Hypothecation of Car	Monthly instalments of Rs 2.17 lakh. Last instalment due in Oct 22	Having interest rate 9.11%
Cash Credit, Working capital demand loan & Overdraft limit (Note-3)		

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Security Details	Terms of Repayment	Interest rate
Borrowing Facilities of HDFC Bank having Payable Balance of Rs 2163.66 lakhs (March ,31,2020 Rs.831.81 lakhs)		
(Charge on current assets and movable fixed assets and charge immovable fixed assets) - Subservient charge over entire current assets and movable fixed assets of the Borrower, both present & future; - First pari passu charge by way of equitable mortgage over Phase III project land and building at Dugri ("New Immovable Property I") (detailed below); - Negative lien over the land where CLU is not available having value of INR 26.1 mn ("New Immovable Property II"); - Unconditional and Irrevocable personal guarantee of Paritosh Garg, Ashish Garg and Suman Garg to remain valid during the entire tenor of the facilities.	Not Applicable	Having interest rate 4.05 - 8.50%
Borrowing Facilities of ICICI Bank having Payable Balance of Rs 834.79 lakhs (March,31, 2020 Rs. Nil)		
(Charge on current assets and movable fixed assets and charge immovable fixed assets) - Subservient charge over entire current assets and movable fixed assets of the Borrower, both present & future; - First pari passu charge by way of equitable mortgage over Phase III project land and building at Dugri ("New Immovable Property I") (detailed below); - Negative lien over the land where CLU is not available having value of INR 26.1 mn ("New Immovable Property II"); - Unconditional and Irrevocable personal guarantee of Paritosh Garg, Ashish Garg and Suman Garg to remain valid during the entire tenor of the facilities.	Not Applicable	Having interest rate 7.95 - 8.80%
Borrowing Facilities of Yes Bank having Payable Balance of Rs 4,452.03 lakhs (March, 31, 2020 Rs. 1,030.46 lakhs)		
(Charge on current assets and movable fixed assets and charge immovable fixed assets) - Subservient charge over entire current assets and movable fixed assets of the Borrower, both present & future; - First pari passu charge by way of equitable mortgage over Phase III project land and building at Dugri ("New Immovable Property I") (detailed below); - Negative lien over the land where CLU is not available having value of INR 26.1 mn ("New Immovable Property II"); - Unconditional and Irrevocable personal guarantee of Paritosh Garg, Ashish Garg and Suman Garg to remain valid during the entire tenor of the facilities.	Not Applicable	Having interest rate 4.75 - 9.45%
Borrowing Facilities of Buyers credit having Payable Balance Nil Payable (March, 31, 2020 Rs. 1,030.46 lakhs)		
Security- Personal Guarantee of directors	In one instalment	Having interest rate 2.14 - 2.38%
Bill Discounting (Note-4)		
Bill Discounting from Kotak Mahindra Bank having Payable Balance of Rs 1,528.09 lakhs(March 31,2020 Rs 1,231.88 lakhs)	-	As mutually agreed at the time of facility disbursement
Bill Discounting from ICICI Bank having Payable Balance of Rs 705.30 lacs(March 31,2020 Rs 536.26 lacs)	-	Having interest rate 7.25% - 7.40%

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Security Details	Terms of Repayment	Interest rate
Bill Discounting from HDFC Bank having Payable Balance of Rs 2,018.37 lakhs (March 31,2020 Rs 569.14 lakhs)		
Primary Security - Letter of Comfort - Irrevocable Cash flow confirmation letter from the customer for whom invoice is discounted Secondary Security - Personal Guarantee of Mr. Paritosh Garg , Mr. Ashish Garg , Ms. Suman Garg. Post Dated cheques	-	As mutually agreed at the time of facility disbursement
Unsecured Loan (Note-5)		
Outstanding Unsecured Loan from Directors having Payable Balance of Rs 278.73 lakhs (March 31,2020 Rs 480.00 lakhs)		
Not Applicable	On demand	Having Interest rate of 9%

* based on total principal outstanding gross of the processing fee and charges of Rs.18.12 lakh (March 31, 2020 Rs. 28.39 lakh)

14. Provisions

Non-current

Particulars	As at March 31, 2021	As at March 31, 2020
Provisions for employees benefits		
Provision for gratuity (Refer note 32)	-	59.72
Provision for litigation (Refer note 40)	332.89	-
Total	332.89	59.72

Current provision

Particulars	As at March 31, 2021	As at March 31, 2020
Current		
Provisions for employees benefits		
Provision for gratuity (Refer note 32)	86.48	47.88
Provision for Leave with Wages	103.36	120.39
Total	189.84	168.27

Provision for contingencies relates to excise, entry tax and octroi demands including interest thereon, where applicable, being contested by the Company. It is not practicable for the Company to estimate the timings of cash outflows, if any, in respect of the above, pending resolution of the respective proceedings

The Company has following provisions in the books of account as at year end:

Particulars	Provision for Leave without Wages
Opening balance	120.39
Additions/(deletions) during the year	(17.03)
Closing balance	103.36

Particulars	Provision for gratuity
Opening balance	107.60
Additions/(deletions) during the year	(21.12)
Closing balance	86.48

Particulars	Provision for litigation
Opening balance	-
Additions/(deletions) during the year	332.89
Closing balance	332.89

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(All amount in INR Lakhs, unless otherwise stated)

15. Income tax & Deferred tax liabilities

The major components of income tax expense for the year ended March 31, 2021 and March 31, 2020 are as follows:

Particulars	As at March 31, 2021	As at March 31, 2020
Profit or loss section		
Current income tax		
Current income tax charge	3,097.70	2,543.10
Interest on income tax	52.18	34.69
Adjustments in respect of income tax of earlier years	0.15	(87.67)
Deferred tax		
Relating to origination and reversal of temporary differences (for current year)	(88.76)	(904.12)
Relating to origination and reversal of temporary differences (for earlier years)	-	-
Income tax expense reported in the Statement of profit and loss	**3,061.27**	**1,586.00**
OCI Section		
Deferred tax on items recognised in OCI	-	0.87
On remeasurement of defined benefit plans	-	-

Reconciliation of tax expense and the accounting profit multiplied by domestic tax rate for 31 March 2021 and 31 March 2020

Particulars	As at March 31, 2021	As at March 31, 2020
Accounting profit before tax	11,705.85	9,580.08
At India's statutory income tax rate of 25.168 % (March 31, 2020: 25.168%)	2,946.13	2,411.11
Exempt Income	-	-
Previous year tax adjustment	0.15	(87.67)
Non deductible expenses for tax purpose		
Change in tax rate	-	(841.82)
Exempt income	-	-
Disallowances	58.99	89.13
Interest on income tax	52.18	34.69
Others	12.33	(19.44)
Reported income tax expenses	3,069.78	1,586.00
Effective tax rate	**26.22%**	**16.56%**

The Government of India introduced Taxation Laws (Amendment) Ordinance, 2019 (The "Ordinance") on September20, 2019. Tax expenses for the year ended March 31, 2020 reflect changes made vide the Ordinance, as applicable to the Company.

Deferred tax assets/(Deferred tax liabilities)

Deferred tax relates to the following	Balance sheet	
Impact of timing difference between tax	As at March 31, 2021	As at March 31, 2020
- Impact of difference between tax depreciation/amortization and depreciation/amortization for the financial reporting	(2,215.69)	(2,262.90)
- Impact of MTM income As per IND-AS	(6.22)	-
- Provision for doubtful debts/advances	79.97	41.28
- Provision for litigations	83.78	-
- Expenses allowed on payment basis (43B items)	8.00	116.70
- Others	34.00	-
Net Deferred tax assets/ (Deferred tax liabilities)	(2,016.16)	(2,104.92)

Deferred tax relates to the following	Statement of profit and loss	
Impact of timing difference between tax	As at March 31, 2021	As at March 31, 2020
- Impact of difference between tax depreciation/amortization and depreciation/amortization for the financial reporting	47.21	949.62
- Impact of MTM income As per IND-AS	(6.22)	1.39
- Provision for doubtful debts/advances	38.69	(0.66)
- Provision for litigations	83.78	-
- Expenses allowed on payment basis (43B items)	(108.70)	(46.23)
- Others	34.00	-
Deferred tax expense/ (income)	88.76	904.12

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Reflected in the balance sheet as follows:

Particulars	As at March 31, 2021	As at March 31, 2020
At the beginning of the year	(2,104.92)	(3,009.04)
Tax expense/(income) for the period recognised in statement of profit and loss	88.76	904.12
Tax expense/(income) for the period recognised in OCI	-	-
Deferred Tax Assets/(Liabilities)-Net	(2,016.16)	(2,104.92)

The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off deferred tax assets and deferred tax liabilities related to income tax levied by same tax authority.

16. Trade Payables

Particulars	As at March 31, 2021	As at March 31, 2020
Trade payables		
Total outstanding dues of micro enterprises and small enterprises (Refer note 29 for details of dues to micro and small enterprises)	643.07	162.44
Total outstanding dues of creditors other than micro enterprises and small enterprises	3,136.87	3,403.97
Trade payable to related parties (Refer note 34)	13.43	24.09
Total	**3,793.37**	**3,590.50**

Terms and conditions of the above financial liabilities:
-Trade payables are non-interest bearing and are normally settled on 15 to 90 days terms.
-For terms and conditions with related parties, refer to Note 34.

17. Other financial liabilities-current

Particulars	As at March 31, 2021	As at March 31, 2020
Current maturity of term loans:		
-Indian rupee loan from banks (Refer note 13)	365.16	653.40
-Indian rupee loan from other than banks (Refer note 13)	-	693.57
Interest accrued but not due on borrowings	45.23	1,415.90
Interest on others	9.37	0.07
Derivatives financial Instruments (Refer note 5)	-	114.32
Capital creditors	280.96	146.06
Capital creditors-micro enterprises and small enterprises	17.18	10.32
Other payables:		
-Employee dues payable	240.23	136.82
Total	**958.13**	**3,170.46**

Refer note 35 on financial instruments on determination of fair value.

18. Other liabilities-current

Particulars	As at March 31, 2021	As at March 31, 2020
Advance from customers *	172.24	65.09
Statutory dues payable #	264.73	366.44
Total	436.97	431.53

*Advance from customers received on contracts entered with customers for which performance obligations are yet to be performed, therefore, revenue will be recognized when the goods are passed on to the customers.

It's include tax deducted at source, tax collected at source, goods and services tax ,bonus payable , employee state insurance & provident fund payable.

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(All amount in INR Lakhs, unless otherwise stated)

19. Revenue from contract with customers

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Sale of Products		
- Sale of finished goods	54,774.03	52,458.04
- Die design and preparation charges	77.27	167.49
Sale of services		
-Job work charges	15.21	8.57
Total revenue from contract with customer (i) (Refer note 31)	54,866.51	52,634.10
Other operating revenues		
'-Scrap sale	3,447.95	2,934.73
- Export incentives	167.49	234.75
-Gain on sale of raw material	13.87	5.12
Total other operating revenue (ii)	3,629.31	3,174.60
Total (i+ii)	58,495.82	55,808.70

Reconciling the amount of revenue recognised in the statement of profit and loss with the contracted price

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Revenue as per contracted price	55,098.48	52,968.06
Adjustment for:		
Discount & Incentives as per contact/schemes	231.97	333.96
Revenue from contract with customers	54,866.51	52,634.10

20. Other Income

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Dividend Income from investment in mutual fund	-	24.56
Gain on sale of Investment (Measured at FVTPL)	2.57	40.27
Gain Foreign Exchange (net) *	134.80	226.99
Net gain on disposal of property, plant and equipment	-	3.09
Interest income from financial assets at amortised cost		
-on term deposits with bank	252.15	341.89
-on Electricity deposit	173.79	36.23
Miscellaneous income	22.23	9.06
Total	585.54	682.09

*Include Fair value gain on financial instruments at fair value through profit or loss Rs. 36.58 lakh (March 31,2020 Rs Nil)

21. Cost of raw material and components consumed

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Inventory at the beginning of the year (Refer note 7) (a)	1,802.83	2,389.46
Purchases during the year (b)	30,073.18	22,929.62
Sale during the year (c)	356.36	68.41
Inventory at the end of the year (refer note 7) (d)	5,793.98	1,802.83
Total (a+b-c-d)	25,725.67	23,447.85

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Details of raw material and component consumed

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Alloy & Carbon Steel	24,874.80	22,816.24
Casting Material	850.87	631.61
	25,725.67	23,447.85

22. (Increase)/decrease in inventories of finished goods and work-in-process

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Inventory at the beginning of the year (Refer note 7)		
-Finished Goods	2,474.83	3,927.48
-Work In progress	2,706.82	2,708.54
Sub Total (a)	5,181.65	6,636.02
Inventory at the end of the year (Refer note 7)		
-Finished Goods	2,725.91	2,474.83
-Work In progress	3,021.01	2,706.82
Sub Total (b)	5,746.92	5,181.65
(Increase)/ decrease in inventories of finished goods and work-in-progress (a-b)	(565.27)	1,454.37

23. Employee benefits expense

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Salaries, wages and bonus	4,333.45	4,313.18
Contribution to provident fund and other funds/schemes	404.00	428.39
Gratuity (Refer note 32)	124.43	111.19
Staff welfare expenses	37.98	54.06
Total	4,899.86	4,906.82

Code on Social Security

The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post -employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified and the final rules/ interpretation have not yet been issued. The Company will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective. Based on a preliminary assessment, the Company believes the impact of the change will not be significant.

24. Depreciation and amortization expenses

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Depreciation on property, plant & equipment (refer note 3)	3,572.24	2,837.22
Amortization on intangible assets (refer note 4)	3.49	3.01
Total	3,575.73	2,840.23

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25. Finance Costs

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Interest expenses (At amortised Cost)		
- on borrowings** #	1,010.36	2,245.73
- on others	12.53	3.04
Interest on bill discounting	94.68	202.88
Other borrowing cost *	60.78	54.19
Total	1,178.35	2,505.84

**includes interest paid on restructuring of loan of Rs 310.19 lakhs (March 31,2020 Rs 1,341.89 lakh)
include interest paid on loans to directors of Rs 50.37 lakh (March 31, 2020 Rs 51.44 lakh)
* includes amortization of processing charges and bank charges.

26. Other Expenses

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Consumption of stores and spares	3,222.22	2,973.29
Power & fuel Expenses (net) #	4,626.30	4,963.93
Packing material	366.57	292.86
Job work charges	552.00	433.57
Rent expenses (refer note 30)	17.09	22.99
Rates and taxes	15.97	26.31
Repairs and maintenance:		
- Plant and machinery	1,327.67	965.62
- Building	53.24	30.22
- others	60.57	199.07
Travelling expenses	15.92	97.06
Advertisement and sales promotion expenses	57.01	41.25
Freight and forwarding charges	1,025.61	1,129.29
Director's sitting fees	5.80	0.90
Payment to Auditors (refer note. 26a)	27.92	15.00
Legal and professional fees	45.10	68.09
Provisions for doubtful receivables and advance	174.75	44.00
Provision for litigations (refer note 40)	332.89	-
Loss on fair valuation of financial instruments (FVTPL)(Refer note 20)	-	114.32
CSR expenditure (refer note 33)	233.64	53.29
Donation	0.76	6.02
Property, plant and equipment written off	108.32	-
Insurance	156.10	134.77
Miscellaneous expenses*	135.72	143.75
Total	12,561.17	11,755.60

* Does not include any item of expenditure with a value of more than 1% of the revenue from operations
# Power and fuel are net of Rs 556.15 lakh (March 31,2020 Rs Nil) on account of subsidy receivable from Government.

26(a) Payment to Auditors

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
As statutory auditors		
(i) Audit Fee	26.50	13.00
(ii) Tax Audit Fee	-	2.00
(iii) Reimbursement of expenses	1.42	-
Total	27.92	15.00

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(All amount in INR Lakhs, unless otherwise stated)

27. Earnings Per Share (EPS)

The following table reflects the income and share data used in the basic and diluted EPS computations:

	Particulars	Year ended March 31, 2021	Year ended March 31, 2020
(I)	Net Profit attributable to equity shareholders of the Company	8,644.58	7,994.08
(II)	Weighted average number of Equity shares for EPS (II)		
	-Basic	8,94,990	8,94,990
	-Diluted	8,94,990	8,94,990
(III)	Earning per equity share [nominal value of ₹ 100 per share](March 31,2020 of Rs 100 per share) [(I)/(II)]		
	-Basic	965.88	900.85
	-Diluted	965.88	900.85

(i) The Company does not have any potential equity shares and thus, weighted average number of shares for computation of basic EPS and diluted EPS remains same

28. Contingent liabilities and commitments (to the extent not provided for)

	Particulars	Year ended March 31, 2021	Year ended March 31, 2020
a.	**Commitments**		
(i)	Estimated amount of contracts remaining to be executed on capital expenditure and not provided for (net of advances)	15,360.74	18,071.42
b.	**Contingent Liabilities**		
	Claims against the Company not acknowledged as debts:		
(i)	Excise/Goods & service tax demands: matters under dispute (Refer Note -1)	216.75	222.81
(ii)	Income tax liability that may arise in respect of matters in disputes (Refer note-1)	143.24	143.24
(iii)	Pending Export obligation against EPCG licence (Refer note -2)	10,594.76	7,156.10
(iv)	Other Legal Matters (Note- 3)	NIL	447.30
c.	**Outstanding Bank guarantees (Refer note-4)**	108.08	32.08

Note 1 : Contingent liability of Excise and Goods and services tax of Rs. 216.75 lacs is related to demand that pertains to reversal of Cenvat credit on Job work, classification difference of parts of railway engine and credit claimed through TRAN-1 on capital goods. Further, the contingency of Rs. 143.24 lacs is related to Income tax that pertains to demand of assessment year 2016-17 for certain additions made during the assessment however same is pending under CIT (Appeals).

The above matters are subject to legal proceedings in the ordinary course of business. On the basis of current status of the individual case and as per legal advice obtained by the Company, wherever applicable, along with the opinion of Management, when ultimately concluded will not have material effect on the results of the operations or financial position of the Company.

Note 2 : Since the company has chosen not to account for duty saved on import of capital goods, as asset and corresponding amount as liability, company has considered the specific export obligation under EPCG scheme as Contingent liability.

Note 3 : Including amount pertaining to matter of RoR demand from the banks in lieu of certain stipulation and over & above the amount incurred.

Note 4 : The Company has given Bank Guarantee to customer against sales order the probability of the outflow of the same is remote.

29. Details of dues to the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006

The Company has certain dues to suppliers registered under Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED Act'). The disclosures pursuant to the said MSMED Act is as follows:

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end	660.25	172.76
Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year end	9.37	0.07
	669.62	172.83

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(All amount in INR Lakhs, unless otherwise stated)

Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed day during the year	910.40	9.08
The amount of interest paid by the buyer in terms of section 16 of the MSMED Act 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act 2006.	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year	9.37	0.07
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act 2006	-	-

30. Lease

The company has adopted IND-AS 116 effective from 1st April, 2018 using the modified retrospective method. However company does not have long term lease, i.e. lease more than 12 months. The adoption of this standard did not have any impact on the profit for the year and earnings per share.

The company incurred Rs. 17.09 lakh for the year ended 31st March, 2021 (March 31,2020 Rs 22.99 lakh) towards expenses relating to short terms leases and leases of low value assets.
The company leases mainly comprise of buildings. The company leases buildings for use as sales office and as warehouse facilities.

31. Segment Information

Company business comprises only Forging segment where company sells forged products comprising of forgings and machined components for automotive and industrial sector. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The disclosure requirements of Ind AS 108- operating Segments" notified by the Companies (Accounting standard) Rules 2006 (as amended) is not applicable.

The following table shows the distribution of the Company's net revenue by geographical market, regardless of where the goods were produced:

Revenue	Year ended March 31,2021	Year ended March 31,2020
Within India	50,055.95	47,684.29
Outside India	4,810.56	4,949.80
Total	54,866.51	52,634.09

Revenue from transactions with a single external customer amounting to 10 per cent or more of the Company's revenues is as follows

Year ended March 31,2021	15,492.40
Year ended March 31,2020	14,888.34

Non - current operating assets

The company has non- current operating assets within India only. Hence, separate figures for domestic as well as overseas market are not required to be furnished.

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(All amount in INR Lakhs, unless otherwise stated)

32. Employee Benefits Obligation

(I) Defined benefit schemes

(a) Gratuity (Funded)

The Company operates a gratuity plan administered through Life Insurance Corporation of India (LIC) under its Group Gratuity Scheme. Every employee is entitled to a benefit equivalent to fifteen days' salary last drawn for each completed year of service in line with the Payment of Gratuity Act, 1972. The same is payable at the time of separation from the Company or retirement, whichever is earlier. The benefits vest after five years of continuous service. The Company pays contribution to Life Insurance Corporation of India to fund its plan

The reconciliation of opening and closing balances of the present value of the defined benefit obligations are as below:

Particulars	As at March 31, 2021	As at March 31, 2020
(i) Changes in the present value of defined benefit obligation		
Present value of defined benefit obligation as at year beginning	496.07	404.39
Current Service Cost	117.12	105.24
Past Service cost	-	-
Interest Cost	33.68	30.93
Remeasurements (gains)/losses		
-Actuarial (gains)/losses arising from changes in demographic assumptions	-	0.30
'-Actuarial (gains)/losses arising from changes in financial assumptions	-	45.01
'-Actuarial (gains)/losses arising from changes in experience adjustments	(41.62)	(53.88)
Benefits Paid	(55.11)	(35.92)
Present value of defined benefit obligation as at year end	550.14	496.07

(ii) Changes in fair value of plan assets

Fair Value of Plan Assets as at year beginning	388.47	326.53
Remeasurements (gains)/losses		
'-Return on plan assets, (excluding amount included in net Interest expense)	16.25	28.23
'-FMC Charges		(8.37)
Employer's Contribution	114.05	77.99
Benefits Paid	(55.11)	(35.91)
Fair Value of Plan Assets as at year end	463.66	388.47

(iii) Expected contribution for next accounting period:

Particulars	As at March 31, 2021	As at March 31, 2020
Service cost	171.70	127.65
Net interest cost	5.87	7.31
Expected expense for the next annual reporting period	177.57	134.96

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(All amount in INR Lakhs, unless otherwise stated)

(iv) Net employee benefit expense recognised in the statement of profit and loss:

Particulars	As at March 31, 2021	As at March 31, 2020
Expense recognised in the Statement of Profit and Loss:		
Current Service Cost	117.12	105.24
Net Interest Cost/(Income)	7.31	5.95
Net Cost Recognised in the Statement of Profit and Loss	124.43	111.19

Expense recognised in the Other Comprehensive Income:		
Remeasurements (gains)/losses	(41.62)	(8.57)
Actuarial (gain) /Loss for the year on asset	10.12	5.12
Net Cost Recognised in the Other comprehensive income (OCI)	(31.50)	(3.45)

(v) Details of provision for gratuity recognised in the Balance sheet:

Particulars	As at March 31, 2021	As at March 31, 2020
Amounts Recognised in the Balance Sheet		
Present value of defined benefit obligation at the year end	550.15	496.07
Fair Value of the Plan Assets at the year end	463.67	388.47
Liability/(Asset) Recognised in the Balance Sheet	86.48	107.60

(vi) A quantitative sensitivity analysis for significant assumption as at 31 March 2021 is as shown below

a) Impact of change in discount rate		
Present Value of obligation at the end of the period	550.15	496.07
a) Impact due to increase of 0.5%	(30.14)	(26.98)
b) Impact due to decrease of 0.5%	33.18	29.77

b) Impact of change in Salary increase		
Present Value of obligation at the end of the period	550.15	496.07
a) Impact due to increase of 0.5%	31.87	28.68
b) Impact due to decrease of 0.5%	(29.47)	(26.24)

The sensitivity analyses above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The sensitivity analyses are based on a change in a significant assumption, keeping all other assumptions constant. The sensitivity analyses may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation from one another.

(vii) Expected contribution for the next Annual reporting period

Particulars	As at March 31, 2021	As at March 31, 2020
a) Service cost	171.70	127.65
b) Net interest cost	5.87	7.31
c) Expected expense for the next annual reporting period	177.57	134.96

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(All amount in INR Lakhs, unless otherwise stated)

(viii) Significant Actuarial Assumptions

Particulars	As at March 31, 2021	As at March 31, 2020
Discount Rate	6.79%	6.76%
Number of Employees	2309	1771
Mortality Rate	100%	100%
Future Salary Increase (%)	7.00%	7.00%
Retirement Age (Years)	58	58
Attrition at Ages		
Up to 30 Years	5.00%	5.00%
From 31 to 44 years	3.00%	3.00%
Above 44 years	2.00%	2.00%

Mortality & Morbidity rates - 100% of IALM (2012-14) (March 31,2020,100% of IALM (2012-14)) rates have been assumed which also includes the allowance for disability benefits.

The estimates of future salary increases considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market

Assumptions regarding future mortality experience are set in accordance with the published statistics by the Life Insurance Corporation of India. The discount rate is based on the government securities yield

The Company assesses these assumptions with its projected long-term plans of growth and prevalent industry standards.

Maximum limit of Rs 20.00 lakh.

(ix) Major category of Plan Assets of the fair value of the total plan assets are as follows:-

Particulars	As at March 31, 2021	As at March 31, 2020
Investments quoted in active markets:		
Government of India securities	-	-
State Government securities	-	-
High quality corporate bonds	-	-
Equity shares of listed companies	-	-
Property	-	-
Funds managed by Insurer	100%	100%
Bank balance	-	-
Total	100%	100%

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(All amount in INR Lakhs, unless otherwise stated)

33. Detail of expenditure incurred on Corporate Social Responsibilities

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
a) Gross amount required to be spent by the company during the year	233.64	197.75
b) Amount approved by the Board to be spent during the year	233.64	197.75

b) Amount spent during the year:

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Construction / acquisition of any asset	-	-
On purpose other than above (i) above	144.42	53.29
Amount unspent during the year	89.22	-

Company has transferred the unspent amount for the year ending 31.03.21 in a separate "Unspent CSR Account" u/s 135 (6) of Companies Act 2013 with bank on 29.04.2021

c) In case of Section 135(5) unspent amount:-	
Opening balance	-
Amount deposited in specified fund of schedule VII within 6 months	-
Amount required to be spent during the year	233.64
Amount spent during the year	144.42
Closing balance	89.22

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(All amount in INR Lakhs, unless otherwise stated)

34. Related party Disclosure

Related party disclosures, as required by Ind AS 24, "Related Party Disclosures", are given below:
Related parties and relationships with whom transactions have taken place during the year:

1) Key Management Personnel (KMP)

i.	Paritosh Kumar	Chairman Cum Managing Director
ii.	Ashish Garg	Managing Director
iii.	Megha Garg	Whole-Time Director
vi	Suman Garg	Whole-Time Director
v.	Narinder Singh Juneja	Whole-Time Director
vi.	Vikas Giya	Independent Director *
vii.	Nitin Aggarwal	independent Director *
viii.	Parkash Bagla	Non- executive Director
ix.	Suresh Chander Garg	Independent Director *
x.	Depesh Kumar	Company Secretary
xi.	Pankaj Kumar Goyal	Chief financial officer
xii.	Satish Sekhri (w.e.f 04-May-2020)	Independent Director *

2) Enterprises over which Key Management Personnel & their relatives are able to exercise significant influence

i. Ayush Capital and Financial Services Pvt. Ltd.
ii. Paritosh Kr. Garg HUF
iii. Ashish Garg & Sons HUF
iv. Happy Steels Private Limited
v. Technomic Industries (proprietorship)
vi. Gamo Forgings Private Limited
vii. Venus Industrial Corporation(partnership)

3) Relative of Directors

i. Deepti Aggarwal (wife of Nitin Aggarwal)

Transactions with related parties during the year:

Particulars	Key Management Personnel and their relatives		Enterprises over which Key Management Personnel & their relatives are able to exercise significant influence	
	31-Mar-21	31-Mar-20	31-Mar-21	31-Mar-20
A) Transactions				
Sale of finished goods				
Happy Steels Private Limited	-	-	4.91	1.77
Total	**-**	**-**	**4.91**	**1.77**
Sale of scrap				
Technomec Industries	-	-	1.15	-
Total	**-**	**-**	**1.15**	**-**
Sale of Raw Material				
Happy Steels Private Limited	-	-	0.17	0.46
Technomec Industries	-	-	6.43	0.91
Venus Industrial Corporation	-	-	425.01	45.68
Gamo Forgings Pvt Ltd	-	-	0.06	-
Total	**-**	**-**	**431.67**	**47.05**
Job Work Sales				
Technomec Industries			0.16	-
Venus Industrial Corporation			11.86	0.37
Total	**-**	**-**	**12.02**	**0.37**
Job Work Expenses				
Happy Steels Private Limited	-	-	1.85	145.48
Technomec Industries	-	-	74.85	38.00
Gamo Forgings Pvt Ltd	-	-	2.88	-
Total	**-**	**-**	**79.58**	**183.48**

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(All amount in INR Lakhs, unless otherwise stated)

Particulars	Key Management Personnel and their relatives		Enterprises over which Key Management Personnel & their relatives are able to exercise significant influence	
	31-Mar-21	31-Mar-20	31-Mar-21	31-Mar-20
Reimbursement of expenses				
Technomec Industries	-	-	3.03	1.48
Total	-	-	3.03	1.48
Loan Taken				
Suman Garg	44.25	32.00	-	-
Paritosh Kumar	84.14	197.52	-	-
Ashish Garg	45.33	194.00	-	-
Megha Garg	32.01	25.00	-	-
Total	205.73	448.52	-	-
Repayment of loan				
Suman Garg	131.91	32.00	-	-
Paritosh Kumar	222.32	197.52	-	-
Ashish Garg	65.20	194.00	-	-
Megha Garg	34.06	25.00	-	-
Total	453.48	448.52	-	-
Interest on Loan				
Suman Garg	8.30	8.06	-	-
Paritosh Kumar	14.28	13.71	-	-
Ashish Garg	25.42	27.43	-	-
Megha Garg	2.37	2.24	-	-
Total	50.37	51.44	-	-
Reimbursement of capital expenditure incurred on immovable property				
Paritosh Kumar	389.97	-	-	-
Total	389.97	-	-	-
Salary				
Suman Garg #	57.73	96.13	-	-
Paritosh Kumar #	201.79	336.11	-	-
Ashish Garg #	197.68	329.25	-	-
Megha Garg #	45.38	75.56	-	-
Narender Singh Juneja #	40.85	44.16	-	-
Depesh Kumar #	11.98	13.22	-	-
Pankaj Kumar Goyal #	17.88	15.73	-	-
Deepti Aggarwal	-	3.69	-	-
Total	573.29	913.85	-	-
Purchases of Raw Material				
Happy Steels Private Limited	-	-	-	0.42
Total				0.42
Directors sitting fees				
Satish Sekhri	4.00	-	-	-
Nitin Aggarwal	0.60	0.30	-	-
Suresh Chander Garg	0.60	0.30	-	-
Vikas Giya	0.60	0.30	-	-
Total	5.80	0.90	-	-

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(All amount in INR Lakhs, unless otherwise stated)

Balance with related Parties as on:

Sr. No.	Name of Party	Nature of Transaction	As at March 31, 2021	As at March 31, 2020
1	Happy Steels Private Limited	Trade payables	5.49	8.75
2	Technomec Industries	Trade payables	7.94	15.34
3	Venus Industrial Corporation	Trade receivable	343.84	0.37
4	Suman Garg	Borrowings (Long term)	-	80.00
5	Paritosh Kumar	Borrowings (Long term)	-	125.00
6	Ashish Garg	Borrowings (Short & Long term)	268.58	265.00
7	Megha Garg	Borrowings (Short & Long term)	10.15	10.00

Excludes gratuity which is based on actuarial valuation provided on overall Company basis.

* The independent Directors have been considered as Key Management Personnel only for above reporting as per the requirement of Ind AS 24 Related Party Disclosure

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(All amount in INR Lakhs, unless otherwise stated)

35. Financial Assets & Financial Liabilities

A. Financial Assets

Particulars	Fair Value hierarchy	As at March 31,2021		As at March 31,2020	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets-Non Current					
At Amortised Cost					
(i) Other financial assets (Refer note 5)	Level 3	716.68	716.68	710.63	710.63
Total Non current financial assets (a)		**716.68**	**716.68**	**710.63**	**710.63**
Financial Assets-Current					
At fair value though profit or loss					
(a) Derivative financial instruments (Refer note 5)	Level 3	36.58	36.58		
At Amortised Cost					
(i) Trade receivables (Refer note 8)	Level 3	16,556.93	16,556.93	13,785.12	13,785.12
(ii) Cash and cash equivalents (Refer note 9)	Level 3	288.71	288.71	204.62	204.62
(iii) Bank balance other than above (Refer note 10)	Level 3	2,489.58	2,489.58	5,371.40	5,371.40
(iv) Other financial assets (Refer note 5)	Level 3	193.15	193.15	244.97	244.97
Total Current financial assets (b)		**19,564.95**	**19,564.95**	**19,606.11**	**19,606.11**
Total financial assets (a+b)		**20,281.62**	**20,281.62**	**20,316.74**	**20,316.74**

B. Financial Liabilities

Particulars	Fair Value hierarchy	As at March 31,2021		As at March 31,2020	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial liabilities-non current					
At Amortised Cost					
(i) Borrowings (Refer note 13)	Level 3	2,999.63	2,999.63	5,421.76	5,421.76
Total Non Current Financial Liabilities (a)		**2,999.63**	**2,999.63**	**5,421.76**	**5,421.76**
Financial liabilities-Current					
At fair value though profit or loss					
Derivative financial instruments (Refer note 17)	Level 3	-	-	114.32	114.32
At Amortised Cost					
(i) Borrowings (Refer note 13)	Level 3	11,982.24	11,982.24	5,071.42	5,071.42
(ii) Trade payable (Refer note 16)	Level 3	3,793.37	3,793.37	3,590.50	3,590.50
Others					
Accrued employee liabilities (Refer note 17)	Level 3	240.23	240.23	136.82	136.82
Other payables (Refer note 17)	Level 3	717.90	717.90	2,919.32	2,919.32
Total Current Financial Liabilities (b)		**16,733.74**	**16,733.74**	**11,832.38**	**11,832.38**
Total Financial Liabilities (a+b)		**19,733.37**	**19,733.37**	**17,254.14**	**17,254.14**

The management assessed that the fair value of cash and cash equivalents, trade receivables, derivative instruments, trade payables and other current financial assets and liabilities approximate their carrying value largely due to the short term maturities of these instruments.

There have been no transfers between Level 1 and Level 2 during year ended 31 March 2021 and 31 March 2020.

B Fair Value hierarchy:

The Company uses the following hierarchy for determining and/or disclosing the fair value of financial instruments by valuation techniques:

(i) Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

(ii) Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

(iii) Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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(All amount in INR Lakhs, unless otherwise stated)

36. Financial risk management objectives and policies

The Company's principal financial liabilities, other than derivatives, comprise borrowings and trade payables. The main purpose of these financial liabilities is to finance the company's working capital requirements. The company has various financial assets such as trade receivable ,loans, short term deposits and cash & cash equivalents, which arise directly from its operations.

The Company is exposed to market risk, credit risk and liquidity risk. The company's Board of Directors oversees the management of these risks and also ensures that 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. The Board of Directors reviews and agrees policies for managing each of theses risks, which are summarised below.

A. 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, deposits, debt and equity investments and derivative financial instruments
The sensitivity analyses in the following sections relate to the position as at 31 March 2021 and 31 March 2020.

A(i) 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 exchange rates of any currency . The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities by way of direct imports and exports.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of year expressed in INR lakh, are as follows as at March 31, 2021:

Particulars	USD	Euro	GBP	Total
Financial Assets				
Trade Receivables	211.87	997.27	-	1,209.14
Foreign Exchange derivative Contracts	-	(1,377.73)	-	(1,377.73)
Net exposure to foreign currency risk assets	211.87	(380.46)	-	(168.59)
Financial Liabilities				
Borrowings-Currency/Non current	-	-	-	-
Foreign Exchange derivative Contracts	-	-	-	-
Net exposure to foreign currency risk (liabilities)	-	-	-	-

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of year expressed in INR lakh, are as follows as at March 31, 2020:

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(All amount in INR Lakhs, unless otherwise stated)

Particulars	USD	Euro	GBP	Total
Financial Assets				
Trade Receivables	187.08	1,240.20	-	1,427.28
Foreign Exchange derivative Contracts	(1,462.60)	(1,029.02)	-	(2,491.62)
Net exposure to foreign currency risk assets	**(1,275.52)**	**211.18**	-	**(1,064.34)**
Financial Liabilities				
Borrowings-Currency/Non current	-	-	541.64	541.64
Foreign Exchange derivative Contracts	-	-	-	-
Net exposure to foreign currency risk (liabilities)	-	-	541.64	541.64

Summary of Exchange difference accounted in Statement of profit and loss:

Currency fluctuations	Year ended March 31,2021	Year ended March 31,2020
Net foreign exchange (gain) shown as operating expenses	(134.80)	(226.99)
Net foreign exchange losses shown as operating expenses	-	-
Net foreign exchange(gain)/losses shown as operating expenses	(134.80)	(226.99)

The following significant exchange rates have been applied during the year.

	Year end spot rate	
	As at March 31, 2021	As at March 31, 2020
USD	73.11	75.37
EUR	85.78	83.08

Foreign currency sensitivity

The following table details the Company's sensitivity to a 5% increase and decrease in the INR against the relevant foreign currencies. The sensitivity analysis includes only outstanding foreign currency denominated monetary items as tabulated above and adjusts their translation at the period end for a 5% change in foreign currency rates. A positive number below indicates an increase in profit or equity and vice-versa.

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(All amount in INR Lakhs, unless otherwise stated)

Particulars	Year ended March 31,2021		Year ended March 31,2020	
	Rupee Strengthens by 5%	Rupee weakening by 5%	Rupee Strengthens by 5%	Rupee weakening by 5%
Impact on profit or loss for the year				
USD Impact	(10.59)	10.59	(9.35)	9.35
EURO Impact	(49.86)	49.86	(62.01)	62.01
GBP Impact	-	-	27.08	(27.08)

A(ii) 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 is exposed to interest rate risk on short-term and long-term floating rate instruments. The borrowings of the Company are principally denominated in Indian Rupees with a mix of fixed and floating rates of interest. The Company has a policy of selectively using interest rate swaps and other derivative instruments to manage its exposure to interest rate movements. These exposures are reviewed by appropriate levels of management on a regular basis.

A(iii) Commodity price risk

Commodity price risk results from changes in market prices for raw materials, mainly steel in the form of rounds and billets which forms the largest portion of Company's cost of sales.

The principal raw materials for the Company products are alloy and carbon steel which are purchased by the Company from the approved list of suppliers. Most of the input materials are procured from domestic vendors. Raw material procurement is subject to price negotiation. Further, a significant portion of the Company's volume is sold based on price adjustment mechanism which allows for recovery of the changed raw material cost from its customers

A(iv) Equity price risk

The Company does not have any investments in listed securities or in Equity Mutual Funds as at March 31, 2021 (March 31, 2020- Nil) and thereby is not exposed to any Equity price risk.

B. 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 from its financing activities, including deposits with banks and financial institutions, and other financial instruments.

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(All amount in INR Lakhs, unless otherwise stated)

Trade receivables

Customer credit risk is managed by each business unit subject to the company's established policy, procedures and control relating to customer credit risk management. credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored by Management & President Sales and corrective actions taken.

Customer credit risk is managed subject to the company's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored by management and any shipments to major customers are generally covered by letters of credit or other forms of credit insurance obtained from reputable banks and other financial institutions.

Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Company's finance & accounts department in accordance with the Company's policy. Investments of surplus funds are made with banks in Fixed deposits.

C. Liquidity risk

The company monitors its risk of a shortage of funds using a liquidity planning tool.

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, cash credit facilities and buyers' credit facilities. 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.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

Particulars	On demand	Less than 3 months	3 to 12 months	1 to 5 years	>5 years	Total
As March 31, 2021						
Borrowings * (Refer note 13 & 17)	11,982.24	91.10	274.06	3,017.75	-	15,365.15
Other financial liabilities (excluding current maturities of long term loan) (Refer note 17)	592.97	-	-	-	-	592.97
Trade Payable (Refer note 16)	3,793.37	-	-	-	-	3,793.37
						-
	16,368.58	91.10	274.06	3,017.75	-	19,751.49
As March 31, 2020						
Borrowings * (Refer note 13 & 17)	5,071.41	310.84	1,036.13	5,450.16	-	11,868.55
Other financial liabilities (excluding current maturities of long term loan) (Refer note 17)	1,823.49	-	-	-	-	1,823.49
Trade Payable (Refer note 16)	3,590.50	-	-	-	-	3,590.50
	10,485.40	310.84	1,036.13	5,450.16	-	17,282.53

* based on total principal outstanding gross of the processing fee and charges of Rs.18.12 lakh (March 31, 2020 Rs. 28.39 lakh)

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(All amount in INR Lakhs, unless otherwise stated)

37. Capital Risk Management

For the purpose of the Company's capital management, capital includes issued equity capital, security premium and all other equity, security premium and reserves attributable to the equity holders. The primary objective of the Company's capital management is to maximise the shareholder value.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company includes within net debt, interest bearing loans and borrowings, less cash and cash equivalents and other bank balances.

Particulars	As at March 31, 2021	As at March 31, 2020
Borrowings (Refer note 13)	15,365.15	11,868.55
Less: Cash & cash equivalents (Refer note 9)	288.70	204.62
Less: Other bank balance (Refer note 10)	2,489.58	5,371.40
Net debt	18,143.43	17,444.57
Total capital	64,515.64	54,952.50
Capital and net debt	**82,659.07**	**72,397.07**
Gearing ratio	21.95%	24.10%

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 year.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2021 and 31 March 2020.

38. The management is in process of strengthening the appropriate documentation of internal financial controls in accordance with framework given by "Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India". Further, the management has initiated the process of implementation of new accounting software i.e. SAP to support the required documentation criteria based on or considering the essential components of internal controls as stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting.

39. Covid

The outbreak of Coronavirus disease (COVID-19) pandemic globally and in India and consequent nationwide lockdown ordered by the Governments has caused significant disturbance and slowdown of economic activity. The Company has assessed the impact of this pandemic on its business operations and has assessed the recoverability and carrying values of its financial and non-financial assets as at the balance sheet date using various internal and external information up to the date of approval of these Ind AS financial statements. Basis this the management has concluded that neither there is any material adverse impact on operations of the Company nor any material adjustments required at this stage in the Ind AS financial statements of the Company for the year ended March 31, 2021. Further, management has assessed its liquidity position as on March 31, 2021 and does not anticipate any challenge in the Company's ability to continue as a going concern. However, the impact assessment of Covid-19 is a continuing process given the uncertainties associated with its nature and duration. The impact of Covid-19 may be different from that estimated as at the date of approval of these Ind AS financial statements and the Company will continue to monitor any material changes to future economic conditions.

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(All amount in INR Lakhs, unless otherwise stated)

40. Events after the reporting period

Subsequent to March 31, 2021, the Company has received a demand notice under Goods and Services Tax Act, 2017 for certain cases pertaining to the financial year from 2017-18 till 2019-2020. Based on the probability assessment by the management, the Company has made a provision of INR 332.89 lakhs in the books of accounts has also deposited the amount demanded as a deposit under protest.

Other than above, there are no events that occurred after the reporting period which may impact on the financial statements as on March 31, 2021.

41. Amounts appearing as zero "0" in financial are below the rounding off norm adopted by the Company.

42. The audit of the prior period financial statements was performed by another firm of chartered accountant.

43. Previous year figures have been regrouped/reclassified wherever necessary to correspond with the current year's classification/disclosure.

For S.R.Batliboi and Co. LLP
Chartered Accountants
ICAI Firm registration no. 301003E/E300005

per Pravin Tulsyan
Partner
Membership No. 108044

Place: Gurugram
Date: November 29, 2021

For and on behalf of the board of directors of
HAPPY FORGINGS LIMITED

(Paritosh Kumar)
Chairman Cum
Managing Director
DIN : 00393387

(Ashish Garg)
Managing Director
DIN : 01829082

(Depesh Kumar)
Company Secretary
Membership No. 6957F

(Pankaj Kumar Goyal)
Chief financial officer
Membership No. 500683

Place: Ludhiana
Date: November 29, 2021