CORPORATE INFORMATION

Board of Directors

Mr. Paritosh Kumar
Chairman and Managing Director

Mr. Ashish Garg
Managing Director

Ms. Suman Garg
Whole-Time Director

Ms. Megha Garg
Whole-Time Director

Mr. Narinder Singh Juneja
Whole-Time Director

Mr. Nitin Agarwal
Non-Executive Director

Mr. Satish Sekhri
Independent Director

Mr. Vikas Giya
Independent Director

Mr. Prakash Bagla
Nominee Director

Sr. Advisor

Mr. Pradeep Tewari
Strategy & Leadership

Key Managerial Personnel

Mr. Pankaj Goyal
Chief Financial Officer

Ms. Bindu Garg
Company Secretary

Statutory Auditors

S.R. Batliboi & Co. LLP
Chartered Accountants

Internal Auditors

SCV & Co. LLP
Chartered Accountants

Cost Auditors

Ms. Rajan Sabharwal & Co

Principal Bankers

HDFC Bank
ICICI Bank
Yes Bank

Registrar and Share Transfer Agent

Link Intime India Private Limited
C, 101, 247 Park, Lal Bahadur Shastri Marg,
Vikhroli (W), Mumbai - 400083, India

Registered office

B-XXIX 2254, 1, Kanganwal Road, PO,
Jugiana, Ludhiana, Punjab - 141120

Plant 1 & 2

B-XXIX 2254, 1, Kanganwal Road, PO,
Jugiana, Ludhiana, Punjab - 141120

Plant 3

Along Sidhwan Canal Expressway,
near Mount Litera Zee School, Doburji,
Ludhiana, Punjab - 141120

BOARD'S REPORT 2021-22

TO THE MEMBERS,

HAPPY FORGINGS LIMITED

Your Directors have the pleasure in presenting the 43rd Annual Report on the business, operations and other activities of the Company together with the Audited Financial Statements for the year ended 31st March, 2022.

1. FINANCIAL HIGHLIGHTS

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

Analysis of Profit & Loss Account:

	Standalone (₹ in Lacs)		Consolidated (₹ in Lacs)
Particulars	**2021-22**	**2020-21**	**2021-22**
Net sales/Income from operations	86,004.53	58,495.81	86,004.53
Other income	605.85	585.53	605.85
Total income	86,610.38	59,081.34	86,610.38
Less interest	715.86	1,178.35	715.86
Less other expenses	62,915.96	42,621.41	62,915.96
Profit before depreciation	22,978.56	15,281.58	22,978.56
Less depreciation	3774.18	3,575.72	3,774.18
Profit before tax	19,204.38	11,705.86	19,204.38
Share of net profit/loss of associate company	0	0	1.88
Profit before tax	19,204.38	11,705.86	19,206.26
Less Current income tax	4,680.71	3,149.88	4,680.71
Less Previous year tax adjustment	17.48	0.15	17.48
Less Deferred tax	278.18	(88.77)	278.18
Net profit after tax	14,228.02	8,644.58	14,229.90
Dividend paid	0	0	0
Net profit after dividend	14,228.02	8,644.58	14,229.90
Amount transferred to reserves	0	0	0
Balance carried to balance sheet	14,228.02	8,644.65	14,229.90
Earnings per share (basic)	15.90	9.66	15.90
Earnings per share (diluted)	15.90	9.66	15.90

Note: For 2021, standalone and consolidated financials of the Company are the same.

2. STATE OF COMPANY'S AFFAIRS

Standalone results

The revenue from operations increased by 47% from ₹585 Crores in the Financial Year 2020-21 to ₹860 Crores in 2021-22. Increase in revenues was primarily driven by increase in volumes by 26% and increase in price realisations by 17% (higher mix of machining products & export sales (both commanding higher realisations) along with increase in steel prices). The Earnings before Depreciation, Interest and Tax ("EBITDA") stood at ₹ 231 Crores in 2021-22 as compared to ₹ 159 Crores in 2020-21 witnessing a growth of 45% on a y-o-y basis. EBITDA margins remained stable at 27% in 2021-22 despite a challenging environment with respect to commodity prices (steel prices during the year increased by 27%). Profit before tax stood at ₹ 192 Crores in 2021-22 as compared to ₹ 117 Crores in 2020-21.

In 2022, the Company's top line (including other income) touched ₹ 866 Crores, experiencing strong growth amidst COVID times with a net profit of ₹ 142 Crores, registering a growth of 65% over the previous year net profit.

The growth in numbers and profitability has been driven by gaining market share with existing customers, increased focus on higher value-added products and wining new customers.

BOARD'S REPORT 2021-22 (Contd.)

Consolidated results

During the year company entered into an MOU with VVDN Technologies P Limited, a company based out of Manesar, Haryana to pursue opportunities on products and components which will be eligible for benefits under Production Linked Incentive **("PLI")** scheme of the Govt. of India. To avail the benefits of PLI scheme and diversification of product portfolio beyond core forgings and machining, the Company has invested an amount of ₹ 41 Lacs in Linchpin Technologies Private Limited during the year under review and acquired its 33% stake. With this investment, Lynchpin Technologies has become the associate company of Happy Forgings. The consolidated profit figure before tax stood at ₹ 192 Crores during 2021-22.

3. DIVIDEND

Since the Company is into expansion mode, it would like to retain its profit this year to meet the capital expenditure from its internal accruals so as to strengthen its business. Accordingly, the Board of Directors of the Company have not recommended any dividend for the 2021-22 and thus no transfer to general reserves have been made.

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

Since, no dividend was declared and paid by the Company, the provisions of Section 125(2) of the Companies Act, 2013 are not attracted relating to transfer of unclaimed dividend to Investor Education and Protection Fund.

5. CHANGES IN SHARE CAPITAL

(i) Sub division of shares:

During the year under review, the authorised capital of the Company was sub divided from 1 Equity share of ₹ 100/- each into 50 shares of ₹ 2/- each. Consequently, the authorised capital clause was changed as under:

"The authorised share capital of the Company is ₹ 10,00,00,000/- (Rupees Ten Crores) divided into 5,00,00,000 (Five Crores) Equity Shares of ₹ 2/- each."

(ii) Increase in Authorised Share capital:

During the reporting period, the authorised share capital of the Company was also increased from ₹ 10,00,00,000 (Rupees Ten Crores) divided into 5,00,00,000 Equity Shares of ₹ 2/- Each to ₹ 30,00,00,000 (Thirty Crores Only) divided into 15,00,00,000 Equity shares of ₹ 2 each by the creation of additional 10,00,00,000 (Ten Crores Only) equity shares of ₹ 2/- (Rupees Two Only) each.

(iii) Bonus Shares:

During the period under review, the Company has issued 4,47,49,500 equity shares by way of issuance of bonus shares to all the existing shareholders in the ratio of 1:1, thereby increasing paid up capital of the Company to 8,94,99,000 no. of equity shares of ₹ 2 each.

6. SUBSIDIARY AND ASSOCIATE COMPANIES

During the year under review, Happy Forgings invested into equity shares of M/s Linchpin Technologies Private Limited and acquired 33% stake in this company. By virtue of this investment, M/s Linchpin Technologies Private Limited has become associate Company. There is no subsidiary Company of M/s Happy Forgings Limited.

7. EXPANSION PLANS OF THE COMPANY

The Company continued to pursue the strategy of proactive investments in expansion of capacities and capabilities and thus remains in the forefront for attracting new customers and enter new market segments. Out of total outlay of ₹ 780 Crores for immediate future, an amount of ₹ 480 Crores was invested during the year gone by. Major investments were related to 8,000T press, 14,000T press and the matching machining capacities. Investment in 14,000T is worthy of note as with this the Company is now amongst a select few companies in the global arena that possesses this capability. These investments would enable the Company to not only chase high growth but also manufacture more value-added parts.

Remaining amounts of the capital outlay would be utilised during 2022-23 and 2023-24. Your Company is very conscious and well aligned with our government's policy of Make in India and Make for the World. Recent events in Europe leading to high energy costs and also western economies laying an emphasis on China plus one approach provides your Company an ever-increasing scope to accelerate growth. Happy forgings plants are designed to international standards thus the Company is well positioned to meet requirements of our global customers.

8. FINANCE AND CREDIT RATING

Your Company has always focused on sustainable growth and this is visible in our prudent and thoughtful capital allocation. Despite the challenges in 2021-22 (such as COVID-19), HFL has always maintained more than sufficient liquidity to meet business needs, fulfil customer commitments and ensure wellbeing of all stakeholders.

Our commitment to sustainable growth and prudent capital allocation has been further validated by an upgrade in our credit rating. CRISIL has upgraded our long term rating to AA-/Stable from A/Stable in its letter dated 22nd July, 2022. The change in our credit rating shall help us lower our cost of capital, improve our credibility with our vendors & customers and help us expand our business. We foresee a strong improvement in our margins due to this rating upgrade.

9. 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.

10. BUSINESS EXCELLENCE AND QUALITY

Your Company has in place the Quality, Safety & Health and Environmental policies and its continuous endeavour is to adopt the best practices across industry. The adherence to these policies is ensured through internal and external audits. In line with its focus on business excellence and quality, your Company has got various external certifications such as ISO 14001/2015 and IATF 16949/ 2016. The Company has also adopted policies to conserve resources and is consciously trying to reduce their impact on the surrounding environment. The Company has started to implement rain water harvesting at its premises and can achieve savings of up to 1.63 Cr cubic meter annually.

The Company has also installed rooftop a 4.24 megawatt solar power project to utilise non-conventional energy resources. The same has led to a monthly cost savings of ~₹ 0.3 Crores.

11. OCCUPATIONAL HEALTH AND SAFETY MANAGEMENT

Your Company strongly believes that the health and safety of its employees is of utmost importance. The Company is committed to provide a safe and healthy working environment for its employees and associates.

To ensure a high degree of safety across organisation, training and awareness of safety norms, and conducting of regular safety audits are the most essential part for an organisation to follow safety guidelines in entirety. Key managers/ associates are trained on safety management aspects and the fundamentals of it regularly. Your Company also holds ISO 45001 certification. Occupational health and safety risks have been minimised through trainings and multiple line of controls. The Company has also started to conduct occupational health check-ups done for all employees, along with health awareness programs.

Your Company is endeavouring to build a robust mechanism for workers to engage in the occupational health and safety management system.

12. INTERNAL FINANCIAL CONTROLS

The Company's internal control systems are commensurate with the nature of its business, the size and complexity of its operations and such internal financial controls with reference to the financial statements are adequate. The internal control system has been designed to ensure that financial and other records are reliable for preparing financial and other statements and for maintaining accountability of assets.

The internal audit plan is designed to audit the important areas and thus aligned with the business objectives of the Company. All internal audit reports are reviewed by the Audit Committee.

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

Information required under Section 134(3)(m) of the Act read with Rules made thereunder is annexed to this report as Annexure 1.

14. RISK MANAGEMENT

The Company's risk management procedures take into consideration and assesses various external as well as internal risks the Company is exposed to and accordingly, various strategies are being devised for mitigating both internal and external risks. 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. The Company's risk management policy is available at its website.

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

Your Company has invested into M/s Linchpin Technologies private Limited and acquired 33% stake in it during the year under review.

Further, there was no loan or guarantees given as mentioned under section 186 of the Companies Act 2013 by the Company during the year under review.

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

All contracts/ arrangements/ transactions, as defined under section 188(1) of the Companies Act 2013, entered into by the Company during the year under review with related parties were on an arm's length basis and in the ordinary course of business.

Particulars of Related Party Transaction's pursuant to Section 134(3)(h) of the Act read with Rule 8(2) of the Companies (Accounts) Rules, 2014 are attached in Form AOC-2 as Annexure-2.

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

The Nomination and remuneration policy of company contains criteria for Director's appointment, remuneration and the term including the same for Independent Directors.

The Nomination and Remuneration Committee considers all the factors as given in the policy and then makes recommendations to the Board for the appointment / reappointment.

18. COMPOSTION OF BOARD AND THE BOARD MEETINGS

Dates for Board Meetings are well decided in advance and communicated to the Board and the intervening gap between the meetings has been within the period prescribed under the Companies Act, 2013. The agenda and explanatory notes are sent to the Board in advance. The Board periodically reviews compliance reports of all laws applicable to the Company.

S.N	Date of Board Meeting	No of Directors eligible to attend Meeting	No of Directors attended Meetings
1	20th August , 2021	10	10
2	10th November, 2021	10	9
3	29th November, 2021	10	9
4	7th January, 2022	10	9
5	12th February, 2022	10	9

As on 31st March, 2022, the Board consists of nine directors having an optimum combination of Executive, Non-Executive and Independent Directors. All the directors possess vast knowledge and experience and represent professionalism.

19. COMMITTEES OF THE BOARD

The Companies Act 2013 mandates a company to form certain Board Committees in order to have a focussed approach on certain specific areas and take decisions in line with the delegated authority as per the provisions of the Act and the rules made thereunder. Hence, your Company has constituted the following committees as per the defined scope and the role:

(i) Audit Committee

(ii) Nomination and Remuneration Committee

(iii) Corporate Social Responsibility (CSR) Committee

Audit Committee

Your Company has formed an Audit Committee as per the provisions of the Companies Act, 2013 and the said committee functions in line with the requirements set out under section 177 of the Companies Act 2013.

Members of the Audit Committee include:

Mr. Satish Sekhri (Independent Director)

Mr. Ashish Garg (Managing Director)

Mr. Vikas Giya (Independent Director)

Mr. Prakash Bagla (Nominee Director)

Mr. Ravindra Pisharody (Independent Director)

During the year under review, the Audit Committee met thrice, i.e. on 20th August, 2021, 29th November, 2021 and 12th February, 2022.

The primary objective of the Audit Committee is to monitor and provide an effective supervision of the Management's financial reporting process, to ensure accurate and timely disclosures, with the highest levels of transparency, integrity and quality of financial reporting. The Committee oversees the work carried out in the financial reporting process by the Management, the statutory auditor and notes the processes and safeguards employed by each of them.

Nomination and Remuneration Committee

In terms of provisions of Section 178 of the Companies Act, 2013, the Nomination and Remuneration Committee of the Company is duly constituted. The composition of the committee is as follows as on the date of this report:

Mr. Satish Sekhri

Mr. Vikas Giya

Mr. Nitin Aggarwal (Non-Executive Director)

Mr. Prakash Bagla

Mr. Ravindra Pisharody

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 attached as Annexure-3 to this report, also updated on website. The link for the same is given below:

www.happyforgingsltd.com/downloads.php

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

Corporate Social Responsibility (Csr) Committee

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 as on the date of this report:

Mr. Paritosh Kumar (Chairman cum Managing Director)

Mr. Ashish Garg

Mr. Prakash Bagla

Mr. Satish Sekhri

Mr. Ravindra Pisharody

The CSR committee has met twice in the financial year i.e. on 20th August, 2021 and 29th November, 2021 to discuss and plan the CSR activities in line with the CSR policy of the Company.

The 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 ₹ 265.93 Lacs (Rupees two Crores sixty-five Lacs and ninety-three thousand only), towards Environmental sustainability, Education, health care promotion and animal welfare against the obligated amount of ₹ 244.88 Lacs.

The Company has adopted a Government school at a village in Kanganwal, Ludhiana in 2020-21 with the objective to make it at par with private schools. It was an ongoing project of the Company, so accordingly an unspent amount of ₹ 89.22 Lacs (Rupees Eighty Nine Lacs Twenty Two Thousand) was transferred to unspent account which would be used for this project.

During the year under review, the Company has spent ₹ 54.30 Lacs out of the unspent account and the balance of ₹ 34.92 Lacs was carried forward to be spent on the school in 2022-23.

The brief outline of the CSR policy of the Company and the initiatives undertaken by the Company on CSR activities during the year are set out in Annexure 4 of this report in the format prescribed in the Companies (Corporate Social Responsibility Policy) Rules, 2014. Further, the members are informed that the CSR initiatives and activities are aligned to the requirements of Section 135 of the Act.

20. VIGIL MECHANISM

Your Company has a Whistle Blower Policy in place and has established the necessary vigil mechanism for directors and employees in line with the requirements of Section 177(9) of the Act, to report concerns about unethical behaviour. The Company has also provided direct access to the chairman of the Audit Committee on reporting issues concerning the interests of the employees and the Company. This Policy is available on the Company's website:

www.happyforgingsltd.com/downloads.php

21. ANNUAL RETURN

Pursuant to Section 92(3) read with Section 134(3)(a) of the Act, the Annual Return as on 31st March, 2022 is available on the Company's website:

www.happyforgingsltd.com/downloads.php

22. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The requirement of the law is intended to increase transparency and accountability in the organisation's process of designing and implementing a system of internal control. The framework requires a company to identify and analyse risks and manage appropriate responses.

Your Company's internal control systems are commensurate with its size and the nature of its operations. These have been designed to provide reasonable assurance with regard to capturing and providing reliable financial data, operational information, complying with applicable laws, safeguarding assets from unauthorised use, executing transactions with proper authorisation and ensuring compliance with internal as well as external policies.

23. 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 directors, had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively

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.

24. DEPOSITS

Your Company has not accepted any deposits, consequently no amount on account of principal or interest on deposits was outstanding as on the date of the balance sheet or this report.

25. DIRECTORS AND KEY MANAGERIAL PERSONNEL

Appointment / Re-appointment

In accordance with provisions of the Act and the Articles of Association of the Company, Mrs. Suman Garg, (DIN: 00393312), Whole Time Director (Non-Independent) and Mrs. Megha Garg (DIN 07352042), Whole Time Director (Non-Independent) retire by rotation at the ensuing AGM and being eligible offer themselves for re-appointment.

Mr. Ravindra Pisharody (DIN: 01875848) was appointed as an Additional and Non-Executive (Independent) Director of the Company, not liable to retire by rotation, for a tenure of 5 (five) years w.e.f 16th June,, 2022 upto 15th June, 2027, subject to approval of Members at this AGM. He shall hold office as an Additional Director upto the date of this AGM and is eligible for appointment as a Director.

At the forthcoming AGM approval of the Members will be sought for his appointment for five years.

Independent Directors

In terms of Section 149 of the Companies Act 2013, Mr. Satish Sekhri, Mr. Vikas Giya and Mr. Ravindra Pisharody are the Independent Directors of the Company as on date of this report.

All Independent Directors of the Company have given requisite declarations under Section 149(7) of the Act, that they meet the criteria of independence as laid down under Section 149(6) of the Act along with Rules framed thereunder.

Meeting of Independent Directors

The meeting of the Independent Directors was held on 29th March, 2022.

Key Management Personnel

Mr. Pankaj Kumar Goyal is the Chief Financial Officer of the Company.

Mr. Depesh Kumar served as the Company Secretary of the Company upto 13th June, 2022.

Ms. Bindu Garg was appointed as the Company Secretary with effect from 12th July, 2022.

26. AUDITORS

I. Statutory Auditor

At the 42nd Annual General Meeting of the Company held on 30th November, 2021, S.R. BATLIBOI & CO. LLP, (Registration no.-301003E/E3000005), Chartered Accountants were appointed as statutory auditors to hold office up to the conclusion of 46th Annual General Meeting to be held in the year, 2025.

The Auditors' Report for 2021-22 does not contain any 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 2021-22. The Secretarial Audit Report for the financial year ended 31st March, 2022 is annexed herewith as Annexure 5. 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 2021-22.

27. 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 for the Financial Year 2020-21 was filed with Ministry of Corporate Affairs on 20th November, 2021.

28. 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 to the Audit Committee.

29. 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. Sub Division of Equity Shares

During the year under review, the authorised capital of the Company was sub divided from existing 1 Equity share of ₹ 100/- each into 50 shares of ₹ 2/- each. Consequently, the 8,94,990 Equity shares of ₹ 100/- each were converted into 4,47,49,500 Equity shares of ₹ 2/- each as on 29th March, 2022.

d. Bonus Shares

4,47,49,500 Equity shares of ₹ 2/- each were issued to the existing shareholders in the ratio of 1:1 on 30th March, 2022.

e. Employees Stock Option Plan

The Company has not provided any stock options to the employees during the year under review.

30. INDUSTRIAL RELATIONS

Your Company believes in maintenance of harmonious industrial relations as it is of vital importance for the survival and growth of the industrial enterprise. Good industrial relations result in increased efficiency and prosperity. Company's industrial relations continued to be harmonious during the period under review.

31. HUMAN RESOURCES

Your Company has taken various initiatives towards the safety and welfare of Employees across all levels during the pandemic times and afterwards. Also, the Company's focus is to improve the overall work culture, increase in effectiveness and efficiency and employee engagement and development.

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

Your Company has in place a policy on Prevention of Sexual Harassment at workplace. This policy is in line with the requirements of The Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013. All employees, whether permanent, contractual, temporary and the outsiders visiting the Company are covered under this Policy. The Company aims at providing a workplace that enables employees to work without gender bias and sexual harassment. To achieve this objective, the Company regularly organises awareness sessions to sensitise the employees about the act.

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

33. COMPLIANCE WITH SECRETARIAL STANDARDS

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

34. ACKNOWLEDGEMENTS

The Board of Directors would like to express their sincere thanks to all the stakeholders and investors of the Company for the trust reposed in the Company. Your Directors would also like to thank the government, both Central and state, financial institutions, banks, customers, employees, dealers and vendors for their co-operation and help throughout the year.

For and on behalf of The Board of Directors

Mr. Paritosh Kumar	**Mr. Ashish Garg**
(Chairman and Managing Director)	(Managing Director)
DIN: 00393387	DIN: 01829082
36-K, Sarabha Nagar, Ludhiana-141001	36-K,Sarabha Nagar, Ludhiana-141001

Place: Ludhiana
Date: 6th September, 2022

ANNEXURE - 1

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

Conservation of Energy

(i) Steps taken or impact on conservation of energy:

Energy conservation initiatives were the top focus of your Company during 2021-22 as it brings benefit to bottom-line and to the climate. Some of key energy initiatives undertaken during the year are as under:

- Replacement of Halogen lights with LED lights thereby reducing electricity consumption from 1.5 KW to 1.2 KW per light, thus a huge saving in electricity consumption
- There was a change in design outlay of compressors, control in leakages, the Company is now using only half of the compressors, thus bringing huge savings in electricity consumption
- Temperature controllers installed in cooling towers to save electricity

(ii) Steps taken by the Company for utilising alternate sources of energy:

Solar power plant installed in Plant 1 and 2, which will be able to generate 55,43,060 KVAH units on annual basis which in value terms amounts to generation of electricity power of approximately ₹ 3.5 Crores.

(iii) Capital Investment on energy conservation equipment:

(a) The Company has ordered 1600 KVAR Hybrid APFC panel for the improvement of power factor for Plant 2 which will be able to save energy wastages of ₹ 50 to 80 Lacs in a year with a capital outlay of ₹ 24.40 Lacs which will be operational in 2022-23.

Technology Absorption

(i) Efforts made towards technology absorption: NA

(ii) Benefits derived like product improvement, cost reduction, product development or import substitution

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

- Details of Technology Imported
- Year of Import
- Whether the technology been fully absorbed
- If not fully absorbed, areas where absorption has not taken place, and the reasons thereof

(iv) The expenditure incurred on Research and Development : NIL

Foreign Exchange Earnings and Outgo

Total Foreign exchange used and earned:

(₹ In Lacs)

	2021-22	2020-21
a) FOB Value of Exports	8,031.50	3,680.57
b) Expenditure in Foreign Currency	3,523.04	35.88
c) Foreign Exchange earned	7,836.46	4,008.86
d) Value of Import on CIF basis	15,805.17	3,085.23

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 suchcontracts 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.

(₹ In Lacs)

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	The actual amount of transaction during 2021-22 was ₹ 0.86 Crores
e)	Date of approval by the Board	NA
f.)	Date of approval by the Board	NA
g.)	Amount paid as advances, if any	Nil

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

(₹ In Lacs)

SL. No.	Particulars	Details
a)	Name (s) of the related party & nature of relationship	**Happy Steel 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	The actual amount of transaction during 2021-22 was ₹ 0.07 Crores
e)	Date of approval by the Board	NA
f)	Amount paid as advances, if any	N.A.

ANNEXURE - 2 (Contd.)

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

(₹ In Lacs)

SL. No.	Particulars	Details
a)	Name (s) of the related party & nature of relationship	**Venus Industrial Corporation** **[DIRECTOR'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	The actual amount of transaction during 2021-22 was ₹ 0.37 Crores
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.

(₹ In Lacs)

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	There was no transaction during 2021-22
e)	Date of approval by the Board	NA
f)	Amount paid as advances, if any	N.A.

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

(₹ In Lacs)

SL. No.	Particulars	Details
a)	Name (s) of the related party & nature of relationship	**NORTH STAR AUTO COMP 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	0.02 Crores
e)	Date of approval by the Board	NA
f)	Amount paid as advances, if any	N.A.

ANNEXURE - 3

NOMINATION AND REMUNERATION POLICY

The Board of Directors of HAPPY FORGINGS Limited ("the Company") constituted the "Nomination and Remuneration Committee" at the Meeting held on 27th March, 2015 with immediate effect, consisting of three (3) Non-Executive Directors of which majority are Independent Directors.

1. OBJECTIVE

The Nomination and Remuneration Committee and this Policy shall be in compliance with Section 178 of the Companies Act, 2013 read along with the applicable rules thereto. The Key Objectives of the Committee would be:

1.1. To guide the Board in relation to appointment and removal of Directors, Managerial Personnel and Senior Management.

1.2. To evaluate the performance of the members of the Board and provide necessary report to the Board for further evaluation of the Board.

1.3. To recommend to the Board on Remuneration payable to the Directors, Managerial Personnel and Senior Management.

1.4. To provide to Managerial Personnel and Senior Management reward linked directly to their effort, performance, dedication and achievement relating to the Company's operations.

1.5. To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.

1.6. To devise a policy on Board diversity

1.7. To develop a succession plan for the Board and to regularly review the plan;

2. DEFINITIONS

2.1. **Act** means the Companies Act, 2013 and Rules framed there-under, as amended from time to time.

2.2. **Board** means Board of Directors of the Company.

2.3. **Directors** mean Directors of the Company.

2.4. **Managerial Personnel (MP)** means

2.4.1. Chief Executive Officer or the Managing Director or the Manager;

2.4.2. Whole-time director;

2.4.3. Chief Financial Officer;

2.4.4. Company Secretary; and

2.4.5. such other officer as may be prescribed.

2.5. **Senior Management** means Senior Management means personnel of the Company who are members of its core management team excluding the Board of Directors including Functional Heads.

3. ROLE OF COMMITTEE

3.1. Matters to be dealt with, perused and recommended to the Board by the Nomination and Remuneration Committee

The Committee shall:

3.1.1. Formulate the criteria for determining qualifications, positive attributes and independence of a director.

3.1.2. Identify persons who are qualified to become Director and persons who may be appointed in Managerial and Senior Management positions in accordance with the criteria laid down in this policy.

3.1.3. Recommend to the Board, appointment and removal of Director, MP and Senior Management Personnel.

3.2. Policy for appointment and removal of Director and Senior Management

3.2.1. Appointment criteria and qualifications

a) The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, MP or at Senior Management level and recommend to the Board his / her appointment.

b) A person should possess adequate qualification, expertise and experience for the position he / she is considered for appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the concerned position.

c) The Company shall not appoint or continue the employment of any person as Whole-time Director who has attained the age of seventy years. Provided that the term of the person holding this position may be extended beyond the age of seventy years with the approval of shareholders by passing a special resolution based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond seventy years.

3.2.2. Term / Tenure

a) Managing Director/Whole-time Director:

The Company shall appoint or re-appoint any person as its Executive Chairman, Managing Director or Executive Director for a term not exceeding five years at a time. No re-appointment shall be made earlier than one year before the expiry of term.

b) Independent Director:

- An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.
- No Independent Director shall hold office for more than two consecutive terms, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director. Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly. .
- At the time of appointment of Independent Director it should be ensured that number of Boards on which such Independent Director serves is restricted to seven listed companies as an Independent Director and three listed companies as an Independent Director in case such person is serving as a Whole-time Director of a listed company or such other number as may be prescribed under the Act.

3.2.3. Evaluation

The Committee shall carry out evaluation of performance of every Director and Senior Management Personnel at regular interval (yearly).

3.2.4. Removal

Due to reasons for any disqualification mentioned in the Act or under any other applicable Act, rules and regulations thereunder, the Committee may recommend, to the Board with reasons recorded in writing, removal of a Director, MP or Senior Management Personnel subject to the provisions and compliance of the said Act, rules and regulations.

3.2.5. Retirement

The Director, MP and Senior Management Personnel shall retire as per the applicable provisions of the Act and the prevailing policy of the Company. The Board will have the discretion to retain the Director, MP, Senior Management Personnel in the same position/ remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

3.3. Policy relating to the Remuneration for the Whole-time Director and Senior Management Personnel

3.3.1.General:

a) The remuneration / compensation / commission etc. to the Whole-time Director, MP and Senior Management Personnel will be determined by the Committee and recommended to the Board for approval. The remuneration / compensation / commission etc. shall be subject to the prior/post approval of the shareholders of the Company and Central Government, wherever required.

b) The remuneration and commission to be paid to the Whole-time Director shall be in accordance with the percentage / slabs / conditions laid down in the Articles of Association of the Company and as per the provisions of the Act.

c) Increments to the existing remuneration/ compensation structure may be recommended by the Committee to the Board which should be within the slabs approved by the Shareholders in the case of Whole-time Director.

d) Where any insurance is taken by the Company on behalf of its Whole-time Director, Chief Executive Officer, Chief Financial Officer, the Company

Secretary and any other employees for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel. Provided that if such person is proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration.

3.3.2. Remuneration to Whole-time / Executive / Managing Director, MP and Senior Management Personnel:

a) Fixed pay:

The Whole-time Director/ MP and Senior Management Personnel shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee. The breakup of the pay scale and quantum of perquisites including, employer's contribution to P.F, pension scheme, medical expenses, club fees etc. shall be decided and approved by the Board/ the Person authorised by the Board on the recommendation of the Committee and approved by the shareholders and Central Government, wherever required.

b) Minimum Remuneration:

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Whole-time Director in accordance with the provisions of Schedule V of the Act and if it is not able to comply with such provisions, with the previous approval of the Central Government.

c) Provisions for excess remuneration:

If any Whole-time Director draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Act or without the prior sanction of the Central Government, where required, he / she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive recovery of such sum refundable to it unless permitted by the Central Government.

3.3.3. Remuneration to Non- Executive / Independent Director:

a) Remuneration / Commission:

The remuneration / commission shall be fixed as per the slabs and conditions mentioned in the Articles of Association of the Company and the Act.

b) Sitting Fees:

The Non- Executive / Independent Director may receive remuneration by way of fees for attending meetings of Board or Committee thereof. Provided that the amount of such fees shall not exceed ₹. One Lac per meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time.

c) Commission:

Commission may be paid within the monetary limit approved by shareholders, subject to the limit not exceeding 1% of the profits of the Company computed as per the applicable provisions of the Act.

d) Stock Options:

An Independent Director shall not be entitled to any stock option of the Company.

4. MEMBERSHIP

4.1 The Committee shall consist of a minimum 3 non-executive directors, majority of them being independent.

4.2 Minimum Two (2) members shall constitute a quorum for the Committee meeting.

4.3 Membership of the Committee shall be disclosed in the Annual Report.

4.4 Term of the Committee shall be continued unless terminated by the Board of Directors.

5. CHAIRPERSON

5.1 Chairperson of the Committee shall be an Independent Director.

5.2 Chairperson of the Company may be appointed as a member of the Committee but shall not be a Chairman of the Committee.

5.3 In the absence of the Chairperson, the members of the Committee present at the meeting shall choose one amongst them to act as Chairperson.

5.4 Chairman of the Nomination and Remuneration Committee meeting could be present at the Annual General Meeting or may nominate some other member to answer the shareholders' queries.

6. FREQUENCY OF MEETINGS

The meeting of the Committee shall be held at such regular intervals as may be required.

7. COMMITTEE MEMBERS' INTERESTS

7.1 A member of the Committee is not entitled to be present when his or her own remuneration is discussed at a meeting or when his or her performance is being evaluated.

7.2 The Committee may invite such executives, as it considers appropriate, to be present at the meetings of the Committee.

8. SECRETARY

The Company Secretary of the Company shall act as Secretary of the Committee.

9. VOTING

9.1 Matters arising for determination at Committee meetings shall be decided by a majority of votes of Members present and voting and any such decision shall for all purposes be deemed a decision of the Committee.

9.2 In the case of equality of votes, the Chairman of the meeting will have a casting vote.

10. NOMINATION DUTIES

The duties of the Committee in relation to nomination matters include:

10.1 Ensuring that there is an appropriate induction in place for new Directors and members of Senior Management and reviewing its effectiveness;

10.2 Ensuring that on appointment to the Board, Non-Executive Directors receive a formal letter of appointment in accordance with the Guidelines provided under the Act;

10.3 Identifying and recommending Directors who are to be put forward for retirement by rotation.

10.4 Determining the appropriate size, diversity and composition of the Board;

10.5 Setting a formal and transparent procedure for selecting new Directors for appointment to the Board;

10.6 Developing a succession plan for the Board and Senior Management and regularly reviewing the plan;

10.6 Evaluating the performance of the Board members and Senior Management in the context of the Company's performance from business and compliance perspective;

10.7 Making recommendations to the Board concerning any matters relating to the continuation in office of any Director at any time including the suspension or termination of service of an Executive Director as an employee of the Company subject to the provision of the law and their service contract.

10.8 Delegating any of its powers to one or more of its members or the Secretary of the Committee;

10.9 Recommend any necessary changes to the Board; and

10.10 Considering any other matters, as may be requested by the Board.

11. REMUNERATION DUTIES

The duties of the Committee in relation to remuneration matters include:

11.1 To consider and determine the Remuneration Policy, based on the performance and also bearing in mind that the remuneration is reasonable and sufficient to attract retain and motivate members of the Board and such other factors as the Committee shall deem appropriate all elements of the remuneration of the members of the Board.

11.2 To approve the remuneration of the Senior Management including managerial personnel of the Company maintaining a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company.

11.3 To delegate any of its powers to one or more of its members or the Secretary of the Committee.

11.4 To consider any other matters as may be requested by the Board.

11.5 Professional indemnity and liability insurance for Directors and senior management.

12. MINUTES OF COMMITTEE MEETING

Proceedings of all meetings must be minuted and signed by the Chairman of the Committee at the subsequent meeting. Minutes of the Committee meetings will be tabled at the subsequent Board and Committee meeting.

ANNEXURE - 4

ANNUAL REPORT ON CSR (2021-22)

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)	2	2
2	Mr. Ashish Garg	Member (Managing Director)	2	2
3	Mr. Suresh Chander Garg	Member (Independent Director)	2	2
4	Mr. Prakash Bagla	Member (Nominee Director)	2	2
5	Mr. Satish Sekhri	Member (Independent Director)	2	2

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

4. PROVIDE THE DETAILS OF IMPACT ASSESSMENT OF CSR PROJECTS CARRIED OUT IN PURSUANCE OF SUB-RULE (3) OF RULE 8 OF THE COMPANIES (CORPORATE SOCIAL RESPONSIBILITY POLICY) RULES, 2014, IF APPLICABLE (ATTACH THE REPORT) : Not applicable

5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any:

Sl. No.	Financial Year	Amount available for set-off from preceding financial years (in ₹)	Amount required to be set-off for the financial year, if any. in ₹)
1	2020-21	Nil	Nil
2	2019-20	Nil	Nil
3	2018-19	Nil	Nil

6. Average net profit of the Company as per section 135(5).: ₹ 12,243.96 Lacs

7. (a) Two percent of average net profit of the Company as per section 135(5): ₹ 244.88 Lacs

(b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years.: Nil

(c) Amount required to be set off for the financial year, If any: Nil

ANNEXURE - 4 (Contd.)

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

Total Amount Spent for the Financial Year (₹)	Amount Unspent (₹ in Lacs)				
	Total Amount transferred to Unspent CSR Account as per section 135(6).		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5).		
	Amount.	Date of transfer	Name of the Fund	Amount	Date of transfer
265.93	95.00 *	29th April, 2021	-	-	-

(b) Details of CSR amount spent against **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 ₹ In Lacs)	Mode of Implementation - Direct (Yes/No)	Mode of implementation - Through implementing agency	
				State	District			Name	CSR Registration number
1	Promoting Education-construction of primary school building	Promoting education	Yes	Punjab	Ludhiana	₹ 54.30 in 21-22 and ₹ 103.81 in 20-21	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 ₹ in Lacs)	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	3.24	Yes	NA	NA
2	Promoting health care	Promoting health care	Yes	Punjab	Ludhiana	210.19	No	DMC, Ludhiana CMC, Ludhiana	CSR00000453 CSR00007487
3	Animal welfare-Donation to Krishan Balram Gaushala Trust	Animal welfare	Yes	Punjab	Ludhiana	17.95	No	Krishan Balram Gaushala Trust	CSR00024610
4	Animal Welfare-donation to Dhyan Foundation	Animal welfare	Yes	Punjab	Ludhiana	27.00	No	Dhyan Foundation	CSR00003498
5	Education – scholarship to needy students	Education	Yes	Punjab	Ludhiana	7.55	Yes	NA	NA

ANNEXURE - 4 (Contd.)

(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): ₹ 320.23 (in Lacs)

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

Sl. No.	Particular	Amount (₹ in Lacs)
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) (₹ in Lacs)	Amount spent in the reporting Financial Year (₹ in Lacs)	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 (₹ in Lacs)
				Name of the Fund	Amount (₹ in Lacs)	Date of transfer	
1.	2020-21	₹ 95.00 *	₹ 54.30	Nil	Nil	Nil	₹ 34.92

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

1	2	3	4	5	6	7	8	9
Sl. No.	Project ID	Name of the Project	Financial Year in which the project was commenced	Project duration	Total amount allocated for the project (₹ in Lacs)	Amount spent on the project in the reporting Financial Year (₹ in Lacs)	Cumulative amount spent at the end of reporting Financial Year (₹ in Lacs)	Status of the project - Completed /Ongoing
1.		Adoption of Primary School, Kanganwal, Ludhiana	2020-21	3 years	193.03	54.30	158.11	ongoing

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.

*against obligation of ₹ 89.22

For **Happy Forgings Limited**

(Paritosh Kumar)
Chairman, CSR Committee
DIN: 00393387
36-K, Sarabha Nagar,
Ludhiana -141001

(Ashish Garg)
Managing Director
DIN: 01829082
36-K, Sarabha Nagar,
Ludhiana -141001

Date: 6th September, 2022
Place: Ludhiana

ANNEXURE - 5

Form No. MR-3

DRAFT SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDING 31st MARCH, 2022

[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 authorised 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, 2021 to 31st March, 2022** 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, 2022** 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'):-

(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:

ANNEXURE - 5 (Contd.)

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

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.

For **P S Bathla & Associates**

Parminder Singh Bathla
Company Secretary
FCS No. 4391
Peer Review No 1306/2021
SCO-6, Feroze Gandhi Market,
Ludhiana

Place: Ludhiana
Date: 6th September, 2022
UDIN : F00439ID000936289

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.

For **P S Bathla & Associates**

Parminder Singh Bathla
Company Secretary
FCS No. 4391
C.P No. 2585

Peer Review No. 1306/2021
SCO-6, Feroze Gandhi Market,
Ludhiana

Place: Ludhiana
Date: 6th September, 2022

INDEPENDENT AUDITOR'S REPORT

To the Members of

HAPPY FORGINGS LIMITED

Report on the Audit of the Standalone Financial Statements

OPINION

We have audited the accompanying standalone financial statements of **Happy Forgings Limited ("the Company")**, which comprise the Balance Sheet as at March 31 2022, 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 standalone 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 standalone 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, 2022, 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 standalone 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 Standalone Financial Statements' section of our report. We are independent of the Company in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the 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 standalone 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 standalone financial statements and our auditor's report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether 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.

RESPONSIBILITY OF MANAGEMENT FOR THE STANDALONE FINANCIAL STATEMENTS

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance 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 standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE STANDALONE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As 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 standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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, 2020 ("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 standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
   (e) On the basis of the written representations received from the directors as on March 31, 2022 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2022 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 with reference to these standalone financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;

INDEPENDENT AUDITOR'S REPORT (Contd.)

(g) In our opinion, the managerial remuneration for the year ended March 31, 2022 has been paid / provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to 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 standalone financial statements – Refer Note 29 to the standalone financial statements.

(ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

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

(iv) a) The management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

b) The management has represented that, to the best of its knowledge and belief, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

c) Based on such audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material misstatement.

(v) No dividend has been declared or paid during the year by the Company.

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

per Pravin Tulsyan
Partner
Membership Number: 108044
UDIN: 22108044ARBHBD3924

Place of Signature: Ludhiana
Date: September 06, 2022

ANNEXURE '1' REFERRED TO IN PARAGRAPH UNDER THE HEADING "REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS" OF OUR REPORT OF EVEN DATE

RE: HAPPY FORGINGS LIMITED ("THE COMPANY")

In terms of the information and explanations sought by us and given by the company and the books of account and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that:

(i)(a)(A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.

(i)(a)(B) The Company has maintained proper records showing full particulars of intangibles assets.

(i)(b) All Property, Plant and Equipment have not been physically verified by the management during the year, however there is regular programme of verification, which in our opinion, is reasonable to having regard to the size of the Company and the nature of its assets. No material discrepancies were noted on such physical verification.

(i)(c) The title deeds of all the immovable properties (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) are held in the name of the Company.

(i)(d) The Company has not revalued its Property, Plant and Equipment or intangible assets during the year ended March 31, 2022.

(i)(e) There are no proceedings initiated or are pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.

(ii)(a) The inventory has been physically verified by the management during the year except for inventories lying with third parties. In our opinion, the frequency of verification by the management is reasonable and the coverage and procedure for such verification is appropriate. No discrepancies of 10% or more were noticed on such physical verification. Inventories lying with third parties have been confirmed by them as at March 31, 2022 and no discrepancies of 10% or more in aggregate for each class of inventory were noticed in respect of such confirmations.

(ii)(b) As disclosed in note 14 to the Ind AS financial statements, the Company has been sanctioned working capital limits in excess of F five crores in aggregate from banks during the year on the basis of security of current assets of the Company. The quarterly returns/statements filed by the Company with such banks are in agreement with the books of accounts of the Company.

(iii)(a) During the year the Company has provided loans to employees as follows:

Particulars	Loans
Aggregate amount granted/ provided during the year -Others (Loans to employees)	50.86 Lacs
Balance outstanding as at balance sheet in respect of above cases -Others (Loans to employees)	20.09 Lacs

(iii)(b) During the year, investment made in a joint venture i.e. Linchpin Technologies Private Limited of INR 41.20 Lacs is not prejudicial to the Company's interest. However, Company has not provided guarantees, provided security and advances in the nature of loans to companies, firms, Limited Liability Partnerships or any other parties. Further, the loan granted to employees are not prejudicial to Company's interest since the loan to employees are given as per Company's policies and approved by appropriate authorities.

(iii)(c) During the year, the Company has granted loans to employees where the schedule of repayment of principal and payment of interest has been stipulated and the repayment or receipts are regular.

(iii)(d) There are no amounts of loans and advances in the nature of loans granted to companies, firms, limited liability partnerships or any other parties which are overdue for more than ninety days.

(iii)(e) There were no loans or advance in the nature of loan granted to companies, firms, Limited Liability Partnerships or any other parties which was fallen due during the year, that have been renewed or extended or fresh loans granted to settle the overdues of existing loans given to the same parties.

(iii)(f) The Company has not granted any loans or advances in the nature of loans, either repayable on demand or without specifying any terms or period of repayment to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, ANNEXURE '1' (Contd.)

the requirement to report on clause 3(iii)(f) of the Order is not applicable to the Company.

(iv) Loans, investments, guarantees and security in respect of which provisions of sections 185 and 186 of the Companies Act, 2013 are applicable have been complied with by the Company.

(v) The Company has neither accepted any deposits from the public nor accepted any amounts which are deemed to be deposits within the meaning of sections 73 to 76 of the Companies Act and the rules made thereunder, to the extent applicable. Accordingly, the requirement to report on clause 3(v) of the Order is not applicable to the Company.

(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 & 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 goods and services tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, cess and other statutory dues have generally been regularly deposited with the appropriate authorities though there has been a slight delay in a few cases. According to the information and explanations given to us and based on audit procedures performed by us, no undisputed amounts payable in respect of these statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

(vii)(b) The dues of goods and services tax, income-tax, duty of excise that have not been deposited on account of any dispute, are as follows:

Name of the statute	Nature of the dues	Amount (INR in Lacs)	Period to which the amount relates	Forum where the 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 & 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 Goods & Services Tax, Commissionerate Ludhiana
Goods & Services Tax Act, 2017	Wrong classification of parts of Railway engine (**)	332.89	FY 2017-18 to FY 2019-20	
Goods & Services Tax Act, 2017	Credit claimed through TRAN-1 on capital goods in transit	29.39	FY 2017-18	Punjab & 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 of INR 25.70 Lacs with Department against litigation.

** Deposit of INR 332.89 Lacs with Department against litigation.

Other than above, there are no dues of provident fund, employees' state insurance, sales-tax, service tax, customs duty, value added tax, cess, and other statutory dues which have not been deposited on account of any dispute.

(viii) The Company has not surrendered or disclosed any transaction, previously unrecorded in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year. Accordingly, the requirement to report on clause 3(viii) of the Order is not applicable to the Company.

(ix)(a) The Company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender.

(ix)(b) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.

(ix)(c) Term loans were applied for the purpose for which the loans were obtained.

(ix)(d) On an overall examination of the financial statements of the Company, no funds raised on short-term basis have been used for long-term purposes by the Company.

(ix)(e) On an overall examination of the financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its joint venture.

(ix)(f) The Company has not raised loans during the year on the pledge of securities held in its joint venture. Hence, the requirement to report on clause (ix)(f) of the Order is not applicable to the Company.

(x)(a) The Company has not raised any money during the year by way of initial public offer / further public offer (including debt instruments) hence, the requirement to report on clause 3(x)(a) of the Order is not applicable to the Company.

(x)(b) The Company has not made any preferential allotment or private placement of shares /fully or partially or optionally convertible debentures during the year under audit and hence, the requirement to report on clause 3(x)(b) of the Order is not applicable to the Company.

(xi)(a) No fraud by the Company or no fraud on the Company has been noticed or reported during the year.

(xi)(b) During the year, no report under sub-section (12) of section 143 of the Companies Act, 2013 has been filed by cost auditor, secretarial auditor or by us in Form ADT – 4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.

(xi)(c) As represented to us by the management, there are no whistle blower complaints received by the Company during the year.

(xii) The Company is not a nidhi company as per the provisions of the Companies Act, 2013. Therefore, the requirement to report on clause 3(xii)(a), (xii)(b) and (xii)(c) of the Order is not applicable to the Company.

(xiii) Transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.

(xiv)(a) The Company has an internal audit system commensurate with the size and nature of its business.

(xiv)(b) The internal audit reports of the Company issued till the date of the audit report, for the period under audit have been considered by us.

(xv) The Company has not entered into any non-cash transactions with its directors or persons connected with its directors and hence requirement to report on clause 3(xv) of the Order is not applicable to the Company.

(xvi)(a) The provisions of section 45-IA of the Reserve Bank of India Act, 1934 (2 of 1934) are not applicable to the Company. Accordingly, the requirement to report on clause (xvi)(a) of the Order is not applicable to the Company.

(xvi)(b) The Company is not engaged in any Non-Banking Financial or Housing Finance activities. Accordingly, the requirement to report on clause (xvi)(b) of the Order is not applicable to the Company

(xvi)(c) The Company is not a Core Investment Company as defined in the regulations made by Reserve Bank of India. Accordingly, the requirement to report on clause 3(xvi) of the Order is not applicable to the Company.

(xvi)(d) There is no Core Investment Company as a part of the Group, hence, the requirement to report on clause 3(xvi) of the Order is not applicable to the Company.

(xvii) The Company has not incurred cash losses in the current year and in the immediately preceding financial year respectively.

(xviii) There has been no resignation of the statutory auditors during the year and accordingly requirement to report on Clause 3(xviii) of the Order is not applicable to the Company.

(xix) On the basis of the financial ratios disclosed in Note 41 to the Ind AS financial statements, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one

ANNEXURE '1' (Contd.)

year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

(xx)(a) In respect of other than ongoing projects, there are no unspent amounts that are required to be transferred to a fund specified in Schedule VII of the Companies Act (the Act), in compliance with second proviso to sub section 5 of section 135 of the Act. This matter has been disclosed in note 34 to the Ind AS financial statements.

(xx)(b) All amounts that are unspent under section (5) of section 135 of Companies Act, pursuant to any ongoing project, has been transferred to special account in compliance of with provisions of sub section (6) of section 135 of the said Act. This matter has been disclosed in note 34 to the financial statements.

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

per Pravin Tulsyan
Partner
Membership Number: 108044
UDIN: 22108044ARBHBD3924

Place of Signature: Ludhiana
Date: September 06, 2022

ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE IND AS 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 have audited the internal financial controls with reference to Ind AS financial statements of Happy Forgings Limited as of March 31, 2022 in conjunction with our audit of the Ind AS 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. 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 Ind AS 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 Act, to the extent applicable to an audit of internal financial controls, both issued by Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to these Ind AS financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to these Ind AS financial statements and their operating effectiveness. Our audit of internal financial controls with reference to Ind AS financial statements included obtaining an understanding of internal financial controls with reference to these Ind AS financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to these Ind AS financial statements.

MEANING OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THESE IND AS FINANCIAL STATEMENTS

A company's internal financial controls with reference to Ind AS 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 controls with reference to Ind AS 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 Ind AS financial statements.

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO IND AS FINANCIAL STATEMENTS

Because of the inherent limitations of internal financial controls with reference to Ind AS financial statements, ANNEXURE 2 (Contd.)

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

OPINION

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to Ind AS financial statements and such internal financial controls with reference to Ind AS financial statements were operating effectively as at March 31, 2022, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the Institute of Chartered accountant of India.

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

per Pravin Tulsyan
Partner
Membership Number: 108044
UDIN: 22108044ARBHBD3924

Place of Signature: Ludhiana
Date: September 06, 2022

HAPPY FORGINGS LIMITED

(CIN No.: U28910PB1979PLC004008)

STANDALONE BALANCE SHEET

AS AT 31ST MARCH, 2022

(All amount in Lacs, unless otherwise stated)

Particulars	Note No.	As at 31st March, 2022	As at 31st March, 2021
I ASSETS			
Non-current assets			
a. Property, plant and equipment	3	45,463.26	41,452.08
b. Capital work-in-progress	3	21,225.50	3,942.18
c. Intangible assets	4	155.81	13.13
d. Intangible assets under development	4(a)	-	95.14
e. Financial assets:			
(i) Investments in Joint Venture	5	41.20	-
(ii) Other financial assets	6	746.68	716.68
f. Other non current assets	7	2,795.21	7,678.66
Total non-current assets		**70,427.66**	**53,897.87**
Current assets			
a. Inventories	8	18,398.35	12,156.71
b. Financial assets:			
(i) Trade receivables	9	22,203.58	16,576.93
(ii) Cash and cash equivalents	10	2.02	288.70
(iii) Bank balance other than (ii) above	11	143.96	2,489.58
(iv) Other financial assets	6	333.08	229.73
c. Other current assets	7	1,179.05	1,737.53
Total current assets		**42,260.04**	**33,479.18**
Assets held for sale	3	61.71	61.71
TOTAL ASSETS		**1,12,749.41**	**87,438.76**
II EQUITY AND LIABILITIES			
Equity			
a. Equity share capital	12	1,789.98	894.99
b. Other equity	13	76,971.17	63,620.65
Total Equity		**78,761.15**	**64,515.64**
Non-current liabilities			
a. Financial liabilities:			
(i) Borrowings	14.1	7,404.56	2,999.63
b. Provisions	15	-	332.89
c. Deferred tax liabilities (net)	16	2,294.34	2,016.16
Total non-current liabilities		**9,698.90**	**5,348.68**
Current liabilities			
a. Financial liabilities			
(i) Borrowings	14.2	16,630.66	12,347.40
(ii) Trade payables	17		
Total outstanding dues of micro enterprises and small enterprises		533.08	643.07
Total outstanding dues of creditors other than micro enterprises and small enterprises		3,890.04	3,150.30
(iii) Other financial liabilities	18	1,838.82	592.97
b. Other current liabilities	19	520.73	456.97
c. Provisions	15	266.95	189.84
d. Liabilities for current tax (net)		609.08	193.89
Total current liabilities		**24,289.36**	**17,574.44**
Total liabilities		**33,988.26**	**22,923.12**
TOTAL EQUITY AND LIABILITIES		**1,12,749.41**	**87,438.76**
Summary of Significant accounting policies	2		

The accompanying notes referred to above form an integral part of the financial statements.

As per 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

Place: Ludhiana
Date: 6th September, 2022

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

Pankaj Kumar Goyal
Chief financial officer
Membership No. 500683

Bindu Garg
Company Secretary
Membership No. 6997

Place: Ludhiana
Date: 6th September, 2022

STANDALONE STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED 31ST MARCH, 2022

(All amount in Lacs, unless otherwise stated)

Particulars	Note No.	For the Year ended 31st March, 2022	For the Year ended 31st March, 2021
INCOME			
Revenue			
Revenue from contracts with customers	20(i)	79,370.14	54,866.51
Other operating revenue	20(ii)	6,634.39	3,629.31
Total revenue from operations		**86,004.53**	**58,495.82**
Other Income	21	605.85	585.54
TOTAL INCOME		**86,610.38**	**59,081.36**
Expenses			
(a) Cost of raw materials and components consumed	22	43,584.70	25,725.67
(b) (Increase)/ decrease in inventories of finished goods, work-in-progress	23	(4,745.44)	(565.27)
(c) Employee benefits expense	24	6,953.72	4,899.86
(d) Finance costs	25	715.87	1,178.35
(e) Depreciation and amortisation expense	26	3,774.18	3,575.73
(f) Other expenses	27	17,122.97	12,561.17
TOTAL EXPENSES		**67,406.00**	**47,375.51**
PROFIT BEFORE TAX		**19,204.38**	**11,705.85**
Tax expense:			
a) Current tax	16	4,691.64	3,157.81
b) Adjustments of tax relating to earlier periods	16	17.48	0.15
c) Deferred tax	16	267.24	(96.69)
TOTAL INCOME TAX EXPENSE		**4,976.36**	**3,061.27**
PROFIT FOR THE YEAR		**14,228.02**	**8,644.58**
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		43.45	31.50
(b) Income tax effect on (a) above		10.94	7.93
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		**32.51**	**23.57**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		**14,260.53**	**8,668.15**
Earnings per share: (In ₹) (Nominal value ₹ 2/- per share (31st March, 2021 ₹ 100 per share)			
(i) Basic	28	15.90	9.66
(ii) Diluted	28	15.90	9.66
Summary of Significant accounting policies	2		

The accompanying notes referred to above form an integral part of the financial statements

As per our report of even date
For S.R.Batliboi and Co. LLP
Chartered Accountants
ICAI Firm registration no. 301003E/E300005

per Pravin Tulsyan
Partner
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Company Secretary
Membership No. 6997

Place: Ludhiana
Date: 6th September, 2022

STANDALONE STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31ST MARCH, 2022

(All amount in Lacs, unless otherwise stated)

A. EQUITY SHARE CAPITAL (REFER NOTE 12)

Particulars	31st March, 2022	31st March, 2021
Balance as at the beginning of the year	894.99	894.99
Bonus issue during the year	894.99	-
Balance as at the end of the year	1,789.98	894.99

B. OTHER EQUITY (REFER NOTE 13)

Particulars	Securities Premium	Retained Earnings	General reserves	Total other equity
As at 1st April, 2021	21,633.04	41,987.61	-	63,620.65
Profit for the year (a)	-	14,228.02	-	14,228.02
Other comprehensive income (b)	-	32.51	-	32.51
Total comprehensive income for the year(a+b)	**-**	**14,260.53**	**-**	**14,260.53**
Transfer to General reserves		(894.99)	894.99	-
Issuance of bonus shares from General reserves	-	-	(894.99)	(894.99)
Expenses incurred on increase in Authorised share capital	(15.02)	-	-	(15.02)
As at 31st March, 2022	**21,618.02**	**55,353.15**	**-**	**76,971.17**

Particulars	Securities Premium	Retained Earnings	General reserves	Total other equity
As at 1st April, 2020	21,633.04	33,319.46	-	54,952.50
Profit for the year (a)	-	8,644.58	-	8,644.58
Other comprehensive income (b)	-	23.57	-	23.57
Total comprehensive income for the year (a+b)	**-**	**8,668.15**	**-**	**8,668.15**
As at 31st March, 2021	**21,633.04**	**41,987.61**	**-**	**63,620.65**

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

As per our report of even date
For S.R.Batliboi and Co. LLP
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ICAI Firm registration no. 301003E/E300005

per Pravin Tulsyan
Partner
Membership No. 108044

Place: Ludhiana
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Bindu Garg
Company Secretary
Membership No. 6997

Place: Ludhiana
Date: 6th September, 2022

STANDALONE STATEMENT OF CASH FLOW

FOR THE YEAR ENDED 31ST MARCH, 2022

(All amount in Lacs, unless otherwise stated)

Particulars	For the year ending 31st March, 2022	For the year ending 31st March, 2021
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	19,204.38	11,705.85
Adjustments to reconcile profit before tax to net cash flows		
Depreciation and amortisation expense	3,774.18	3,575.73
Property, plant and equipment written off	-	108.32
Fair value gain on financial instruments at fair value through profit and loss	(72.38)	(36.58)
Interest Income	(72.42)	(425.94)
Provision for doubtful debts	5.81	(21.00)
Unrealised foreign exchange gain (net)	(331.55)	12.30
Profit on sale of Investment	-	(2.57)
Liabilities written back to the extent no longer required	-	(1.23)
Provision for doubtful advances	-	174.75
Finance costs	715.87	1,178.35
Operating profit before working capital changes	**23,223.89**	**16,267.98**
Working capital adjustments:		
(increase)/decrease in inventories	(6,241.64)	(4,591.32)
(increase)/decrease in trade receivables	(5,566.93)	(2,856.03)
(increase)/decrease in other financial assets	(200.37)	60.35
Decrease/(increase) in other assets	548.95	(1,253.81)
Increase/(decrease) in long term provisions	(332.89)	273.17
Increase/(decrease) in trade payables	629.74	204.10
Increase/(decrease) in other financial current liabilities	1,260.69	1,226.98
Increase/(decrease) in other current liabilities	63.76	5.48
Increase/(decrease) in short term provisions	77.11	21.57
Cash generated from operations	**13,462.31**	**9,358.47**
Income tax paid (net of refund)	4,293.93	3,391.23
Cash flow from operating activities (A)	**9,168.38**	**5,967.24**
Cash flow from Investing activities		
Payment for property ,plant and equipment (including capital work in progress and capital advance)	(20,223.22)	(9,166.39)
(Purchase)/sale of current investment (net)	-	2.57
Investment in Joint Venture	(41.20)	-
Proceeds /(Investment) in term deposit	2,345.62	2,881.82
Interest received (finance income)	211.81	413.51
Net cash flow used in investing activities (B)	**(17,706.99)**	**(5,868.49)**
Cash flow from financing activities		
Availment of long-term borrowings	5,129.69	-
Repayment of long-term borrowings	(365.16)	(2,923.95)
Expense Incurred on increase in authorised share capital	(15.02)	-
Availment/(Repayment) of short-term borrowing (net)	4,260.40	5,650.28

STANDALONE STATEMENT OF CASH FLOW
FOR THE YEAR ENDED 31ST MARCH, 2022 (Contd.)

(All amount in Lacs, unless otherwise stated)

Particulars	For the year ending 31st March, 2022	For the year ending 31st March, 2021
Availment/(Repayment) of Loan to directors (net)	(78.73)	(201.27)
Finance cost	(679.23)	(2,539.72)
Net cash flow from financing activities (C)	**8,251.95**	**(14.66)**
Net (decrease)/Increase in cash and cash equivalents (A+B+C)	**(286.68)**	**84.08**
Cash and cash equivalents at the beginning of the year	288.70	204.62
Cash and cash equivalents as at year end	**2.02**	**288.70**
Cash and cash equivalents comprise of the following:		
Components of cash and cash equivalent		
Cash on hand	2.02	1.83
Balances with banks	-	286.87
Cash and cash equivalent as at year end	**2.02**	**288.70**

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.

As per 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

Place: Ludhiana
Date: 6th September, 2022

For and on behalf of the board of directors of
Happy Forgings Limited

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Chairman Cum Managing Director
DIN : 00393387

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Pankaj Kumar Goyal
Chief financial officer
Membership No. 500683

Bindu Garg
Company Secretary
Membership No. 6997

Place: Ludhiana
Date: 6th September, 2022

NOTES TO STANDALONE FINANCIAL STATEMENT

FOR THE YEAR ENDED 31ST MARCH, 2022

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 6th September, 2022.

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 ₹ and all values are rounded to the nearest Lacs (₹ 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.

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 ₹, 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 recognised 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 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 recognised 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 recognised 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 a shorter period of time and hence, revenue is recognised 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 recognised as and when the significant risks and rewards of ownership of dies are transferred to the customers as per the terms of the contract.

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

NOTES TO STANDALONE FINANCIAL STATEMENT
FOR THE YEAR ENDED 31ST MARCH, 2022 (Contd.)

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 recognised when the right to receive payment is established, which is generally when shareholders approve the same.

Interest Income: Interest Income is recognised 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 recognised 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.

(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 realisable 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 realisable value.

Net realisable 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 capitalised 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 recognised 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 recognised in profit or loss as incurred.

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
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 recognised is derecognised 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 derecognised.

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) Investment in Associate/Joint venture

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The considerations made in determining whether significant influence or joint control are similar to those necessary to determine control over the subsidiaries.

The Company has elected to recognise its investments in associate/joint venture companies at cost in accordance with the option available in Ind-AS 27, 'Separate Financial Statements'. These Investments are carried at cost will be tested for impairment as per Ind-AS 36.

NOTES TO STANDALONE FINANCIAL STATEMENT
FOR THE YEAR ENDED 31ST MARCH, 2022 (Contd.)

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the standalone Statement of Profit and Loss.

Any reversal of the previously recognised impairment loss is limited to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had previously been recognised.

(viii) 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.

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.

(ix) 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.

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 amortised 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 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.

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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 amortised 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.

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises 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 recognising 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 analysed.

ECL impairment loss allowance (or reversal) recognised during the period is recognised 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 amortised 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:

  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 9.

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 recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises 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.

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,

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payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised 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 recognised 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 recognised 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.

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 14.

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.

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 amortised 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 recognised 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.

(x) 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

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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.

(xi) 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.

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 recognised 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.

(xii) 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.

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.

(xiii) 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.

(xiv) 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 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 utilised, 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.

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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.

(xv) 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.

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.

(xvi) 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.

(xvii) 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 capitalised 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.

(xviii) 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 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

(xix) 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.

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, 36, 37)

NOTES TO STANDALONE FINANCIAL STATEMENT
FOR THE YEAR ENDED 31ST MARCH, 2022 (Contd.)

- Quantitative disclosures of fair value measurement hierarchy (note 36)
- Financial instruments (including those carried at amortised cost) (notes 5,6, 8, 9, 10, 11, 17, 18, 36, 37)

(xx) 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.

(xxi) 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.

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 recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, 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 33.

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

NOTES TO STANDALONE FINANCIAL STATEMENT
FOR THE YEAR ENDED 31ST MARCH, 2022 (Contd.)

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 36 and 37 for further disclosures.

2D. NEW AMENDMENTS ISSUED BUT NOT YET EFFECTIVE

The Ministry of Corporate affairs has vide notification dated 23rd March, 2022 notified Companies (Indian Accounting standards) Amendment Rules, 2022 which amends certain accounting standards are effective from 01 April, 2022. These amendments are not expected to have a material impact on the Company in the current or future reporting periods and on foreseeable future transactions. Below is a summary of such amendments:

Ind AS 16, Property, Plant and Equipment	Proceeds before intended use of Property, Plant and equipment. The amendment clarifies that an entity shall deduct from the cost of an item of property, plant and equipment, any proceeds received from selling items produced while the entity is preparing the asset for its intended use (for example, the proceeds from selling samples produced when testing a machine to see if it is functioning properly).
Ind AS 37, Provisions, Contingent Liabilities and Contingent Assets	Onerous Contracts - Cost of fulfilling a contract The amendment explains that the cost of fulfilling a contract comprises of the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling contracts.
Ind AS 103, Business combinations	References to the conceptual framework The amendment adds a new exception in Ind AS 103 for liabilities and contingent liabilities.
Ind AS 109, Financial Instruments	Fees included in the 10% test for derecognition of financial liabilities. The amendment clarifies which fees an entity includes when it applies the *10% test in assessing whether to derecognise a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.
Ind AS 101, First-time adoption	Subsidiary as a first-time adopter Simplifies the application of Ind AS 101 by a subsidiary that becomes a first-time adopter after its parent in relation to the measurement of cumulative translation differences.
Ind AS 41, Agriculture	Taxation in fair value measurements The amendment removes the requirement in Ind AS 41 for entities to exclude cash flows for taxation when measuring fair value. This aligns the fair value measurement in Ind AS 41 with the requirements of Ind AS 113, Fair Value Measurement.

All amount in ₹ Lacs, unless otherwise stated)

3. PROPERTY, PLANT AND EQUIPMENT AND CAPITAL WORK IN PROGRESS

Particulars	Freehold Land	Buildings	Plant & equipment	Furniture & fixture	Vehicles	Office equipment's	Computers	Electrical Fittings & equipment	Total	CWIP
Cost										
At 1st April, 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	3,777.52	13,197.23	56.71	5.70	45.61	23.60	482.05	17,603.95	**10,506.39**
Transfers	-	-	-	-	-	-	-	-	-	(17,009.35)
Disposals	-	-	(190.61)	-	-	-	-	-	(190.61)	(389.97)
At 31st 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**
Additions	1,911.05	365.31	4,909.97	122.45	171.73	31.76	33.89	212.87	7,759.03	21,353.98
Transfers	-	-	-	-	-	-	-	-	-	(4,070.66)
Disposals	-	-	-	-	-	-	-	-	-	-
At 31st March, 2022	**4,775.11**	**6,459.07**	**44,702.62**	**332.94**	**765.63**	**235.74**	**82.48**	**1,038.88**	**58,392.48**	**21,225.50**
Depreciation										
At 1st April, 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 31st March, 2021	**-**	**303.63**	**8,293.39**	**63.64**	**228.84**	**99.41**	**23.46**	**169.00**	**9,181.37**	**-**
Depreciation charge for the year	-	236.41	3,256.60	30.62	81.63	41.73	16.14	84.72	3,747.85	-
Disposals	-	-	-	-	-	-	-	-	-	-
At 31st March, 2022	**-**	**540.04**	**11,549.99**	**94.26**	**310.47**	**141.14**	**39.60**	**253.72**	**12,929.22**	**-**
Net book value										
At 31st March, 2022	**4,775.11**	**5,919.03**	**33,152.63**	**238.68**	**455.16**	**94.60**	**42.88**	**785.16**	**45,463.26**	**21,225.50**
At 31st March, 2021	**2,864.06**	**5,790.13**	**31,499.26**	**146.85**	**365.06**	**104.58**	**25.12**	**657.01**	**41,452.08**	**3,942.18**

Note 1: Refer to note 14 for information on property plant and equipment pledged as security by the Company.

Note 2: The title deeds of all the immovable properties (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) are held in the name of the Company.

Note 3 : Asset held for sale includes Property, plant and equipment amounting to ₹ 61.71 Lacs (31st March, 2021 ₹ 61.71 Lacs) valued at lower of cost or net market value.

Note 4: The Company has not revalued any property, plant and equipment during the year.

NOTES TO STANDALONE FINANCIAL STATEMENT
FOR THE YEAR ENDED 31ST MARCH, 2022 (Contd.)

3A. CAPITAL WORK-IN-PROGRESS (CWIP) AGEING SCHEDULE

(All amount in Lacs, unless otherwise stated)

As at 31st March, 2022

Particulars	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
i) Projects in progress	18,777.61	1,422.91	295.83	459.68	20,956.03
ii) Projects temporarily suspended	-	-	-	269.47	269.47
Total	**18,777.61**	**1,422.91**	**295.83**	**729.15**	**21,225.50**

Capital work in progress as at 31st March, 2022 mainly comprise plant & machinery, building and others. The Company has capitalised preoperative expense of ₹ 486.54 Lacs (31st March, 2021 Nil) to the cost of Property, plant and equipment/Capital work in progress (CWIP) - Refer note 27(b).

As at 31st March, 2021

Particulars	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
i) Projects in progress	2,721.10	419.92	531.69	-	3,672.71
ii) Projects temporarily suspended	-	-	-	269.47	269.47
Total	**2,721.10**	**419.92**	**531.69**	**269.47**	**3,942.18**

Ageing of Overdue Project

As at 31st March, 2022

Particulars	To be completed in				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
i) Project 1	269.47	-	-	-	269.47
Total	**269.47**	**-**	**-**	**-**	**269.47**

As at 31st March, 2021

Particulars	To be completed in				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
i) Project 1	-	269.47	-	-	269.47
Total	**-**	**269.47**	**-**	**-**	**269.47**

Overdue project is related to 'Robot Gripper Up & Down Receiving Table' which had been delayed due to covid restrictions. These projects are overdue in terms of time only and not in terms of cost and this is expected to be capitalised in financial year 2022-23.

4. INTANGIBLE ASSETS

(All amount in Lacs, unless otherwise stated)

Particulars	Intangible Assets (Computer Software)	Intangible assets under development
Cost		
At 1st April, 2020	**20.87**	**78.89**
Additions	-	16.25
At 31st March, 2021	**20.87**	**95.14**
Additions	169.01	-
Capitalisation	-	(95.14)
At 31st March, 2022	**189.88**	**-**
Depreciation and amortisation		
At 1st April, 2020	**4.25**	**-**
Amortisation charge for the year	3.49	-
At 31st March, 2021	**7.74**	**-**
Amortisation charge for the year	26.33	-
At 31st March, 2022	**34.07**	**-**
Net book value		
At 31st March, 2022	**155.81**	**-**
At 31st March, 2021	**13.13**	**95.14**

Note: The Company has not revalued any intangible assets during the year.

4A. INTANGIBLE ASSET UNDER DEVELOPMENT AGEING SCHEDULE

(All amount in Lacs, unless otherwise stated)

As at 31st March, 2022

Particulars	Amount in Intangible asset under development for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
i) Projects in progress	-	-	-	-	-
ii) Projects temporarily suspended	-	-	-	-	-

As at 31st March, 2021

Particulars	Amount in Intangible asset under development for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
i) Projects in progress	95.14	-	-	-	95.14
ii) Projects temporarily suspended	-	-	-	-	-

Note:

No project under intangible assets under development which were suspended as at 31st March, 2022 and 31st March, 2021. Also, no project are overdue in terms of time and cost as per original plans.

NOTES TO STANDALONE FINANCIAL STATEMENT
FOR THE YEAR ENDED 31ST MARCH, 2022 (Contd.)

5. INVESTMENTS IN JOINT VENTURE

(All amount in Lacs, unless otherwise stated)

Particulars	As at 31st March, 2022	As at 31st March, 2021
At cost		
Unquoted equity instruments		
M/s Linchpin Technologies Private Limited 3,29,175 (31st March, 2021 : Nil) equity shares of ₹ 10/- each fully paid up	41.20	-
Total	**41.20**	**-**

The Company entered into a Joint Venture agreement with 'VVDN Technologies Private Limited', and acquired 33% shareholding through 3,29,175 equity shares at ₹ 12.52 per share of M/s Linchpin Technologies Private Limited.

6. OTHER FINANCIAL ASSETS

(All amount in Lacs, unless otherwise stated)

Non-current

Particulars	As at 31st March, 2022	As at 31st March, 2021
Security deposits	746.68	716.68
Total	**746.68**	**716.68**

Current

Particulars	As at 31st March, 2022	As at 31st March, 2021
Interest receivable on electricity deposits	27.17	156.41
Interest receivable on term deposits	4.08	14.24
Loan to employees	20.09	14.17
Derivative instruments at fair value through profit or loss (note 37)	72.38	36.58
Export benefits recoverable (Duty drawback)	28.40	8.18
Others recoverables	180.96	0.15
Total	**333.08**	**229.73**

Refer note 36 on Financial instruments for determination of fair value.

Break up of financial assets carried at amortised cost

Particulars	As at 31st March, 2022	As at 31st March, 2021
Security deposits (Refer note 6)	746.68	716.68
Trade receivables (Refer note 9)	22,203.58	16,576.93
Cash and cash equivalents (Refer note 10)	2.02	288.70
Bank balance other than above (Refer note 11)	143.96	2,489.58
Interest receivable on electricity deposits (Refer note 6)	27.17	156.41
Interest receivable on term deposits (Refer note 6)	4.08	14.24
Loan to employees (Refer note 6)	20.09	14.17
Export benefits recoverable (Duty drawback) (Refer note 6)	28.40	8.18
Others recoverables (Refer note 6)	180.96	0.15
Total	**23,356.94**	**20,265.03**

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

Particulars	As at 31st March, 2022	As at 31st March, 2021
Derivatives financial Instruments at fair value through profit or loss Refer note 6)	72.38	36.58
Total	**72.38**	**36.58**

7. OTHER ASSETS

(All amount in Lacs, unless otherwise stated)

Non-current

Particulars	As at 31st March, 2022	As at 31st March, 2021
Capital advances	2,730.44	7,623.41
Prepaid expenses	47.91	38.39
Balances with government authorities	16.86	16.86
Total	**2,795.21**	**7,678.66**

Current

Particulars	As at 31st March, 2022	As at 31st March, 2021
Balances with government authorities	366.67	532.33
Net balance paid under protest (Refer Note Below)	25.70	-
Export benefits recoverable (MEIS/RoDTEP*)	40.02	113.96
Advance to suppliers	220.93	332.61
Prepaid expenses	366.47	202.48
Electricity duty receivable	159.26	556.15
Total	**1,179.05**	**1,737.53**

* 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 1st January, 2021 vide notification 19/2015-2020 dated 17th August, 2021, accordingly export benefits has been accounted for as per new scheme w.e.f. 1st January, 2021. There are no unfulfilled conditions or other contingencies attached to the said Government grants.

Note: Net balance paid under protest (also refer note 15)

Particulars	As at 31st March, 2022	As at 31st March, 2021
Balance paid under protest	358.59	-
Less: Provision for amount paid under protest	(332.89)	-
Total	**25.70**	-

8. INVENTORIES

(All amount in Lacs, unless otherwise stated)

Particulars	As at 31st March, 2022	As at 31st March, 2021
Raw materials and components (includes stock in transit) at cost	7,251.67	5,793.98
Work-in-progress at cost	5,914.86	3,021.01
Finished goods (Including stock in transit) (at lower of cost and net realised value)	4,577.50	2,725.91
Stores and spares	654.32	615.81
Total inventories at the lower of cost and net realisable value	**18,398.35**	**12,156.71**

Inventory include inventory in transit of:

Particulars	As at 31st March, 2022	As at 31st March, 2021
Raw material	-	162.05
Finished goods	37.33	1,544.10
Total	**37.33**	**1,706.15**

NOTES TO STANDALONE FINANCIAL STATEMENT
FOR THE YEAR ENDED 31ST MARCH, 2022 (Contd.)

9. TRADE RECEIVABLES

(All amount in Lacs, unless otherwise stated)

Particulars	As at 31st March, 2022	As at 31st March, 2021
Trade receivables	22,201.60	16,233.09
Receivables from other related parties (Refer note 35)	1.98	343.84
Total Trade Receivables	**22,203.58**	**16,576.93**
Break-up for security details:		
(a) Gross Trade receivables		
Secured, considered good	740.33	705.30
Unsecured, considered good	21,302.56	15,828.27
Trade Receivables which have significant increase in credit risk	160.69	43.36
Trade Receivables-credit impaired	148.81	143.00
Total gross trade receivables (a)	**22,352.39**	**16,719.93**
(b) Impairment allowance (allowance for bad and doubtful debts)		
Unsecured, considered good	-	-
Trade receivables – which have significant increase in credit risk	-	-
Trade Receivables-credit impaired	(148.81)	(143.00)
Total Impairment allowance (b)	**(148.81)**	**(143.00)**
Net Trade receivables (a+b)	**22,203.58**	**16,576.93**

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 35.

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 14 for information on trade receivables pledged as security by the Company.

"

9A.

(All amount in Lacs, unless otherwise stated)

Trade receivables ageing as at 31st March, 2022

Particulars	Unbillled Receivable	Current but not due	Outstanding for following periods from due date of payment					Total
			Less than 6 Months	6 months – 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed Trade Receivables – considered good	503.20	16,905.02	4,634.67	-	-	-	-	**22,042.89**
Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	118.19	37.34	0.23	4.93	**160.69**
Undisputed Trade receivable – credit impaired	-	-	-	13.13	37.39	4.32	7.98	**62.82**
Disputed Trade receivables - considered good	-	-	-	-	-	-	-	**-**
Disputed Trade receivables – which have significant increase in credit risk	-	-	-	-	-	-	-	**-**
Disputed Trade receivables – credit impaired	-	-	-	-	-	-	85.99	**85.99**
Total	**503.20**	**16,905.02**	**4,634.67**	**131.32**	**74.73**	**4.55**	**98.90**	**22,352.39**

Trade receivables ageing as at 31st March, 2021

Particulars	Unbillled Receivable	Current but not due	Outstanding for following periods from due date of payment					Total
			Less than 6 Months	6 months – 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed Trade Receivables – considered good	-	13,632.86	2,900.71	-	-	-	-	**16,533.57**
Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	22.10	21.26	-	-	**43.36**
Undisputed Trade receivable – credit impaired	-	-	-	2.00	23.00	28.40	3.61	**57.01**
Disputed Trade receivables - considered good	-	-	-	-	-	-	-	**-**
Disputed Trade receivables – which have significant increase in credit risk	-	-	-	-	-	-	-	**-**
Disputed Trade receivables – credit impaired	-	-	-	-	-	-	85.99	**85.99**
Total	**-**	**13,632.86**	**2,900.71**	**24.10**	**44.26**	**28.40**	**89.60**	**16,719.93**

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

Particulars	As at 31st March, 2022	As at 31st March, 2021
Receivables discounted from bank	3,543.28	4,251.76
Borrowing facility availed said receivables (Refer note 14)	3,543.28	4,251.76

NOTES TO STANDALONE FINANCIAL STATEMENT
FOR THE YEAR ENDED 31ST MARCH, 2022 (Contd.)

10. CASH AND CASH EQUIVALENTS

(All amount in Lacs, unless otherwise stated)

Particulars	As at 31st March, 2022	As at 31st March, 2021
Balance with banks :		
On current accounts	-	0.07
Deposits with original maturity of less than three months	-	286.80
Cash on hand	2.02	1.83
Total	**2.02**	**288.70**

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.

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

Particulars	As at 31st March, 2022	As at 31st March, 2021
Balance with banks:		
-On current account	-	0.07
-Deposits with original maturity of less than three months	-	286.80
Cash on hand	2.02	1.83
Less: Bank overdraft	-	-
Total	**2.02**	**288.70**

11. OTHER BANK BALANCES

(All amount in Lacs, unless otherwise stated)

Particulars	As at 31st March, 2022	As at 31st March, 2021
Deposits with maturity more than three months but less than twelve months	102.55	2,489.58
Balance in Corporate Social Responsibility (CSR) account	41.41	-
Total	**143.96**	**2,489.58**

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 ₹ 17.47 Lacs (31st March, 2021 ₹ 1,001.78 Lacs) as margin money against issuance of letter of credit/bank guarantee/overdraft limits.

12. EQUITY SHARE CAPITAL

(All amount in Lacs, unless otherwise stated)

Particulars	As at 31st March, 2022	As at 31st March, 2021
Authorised		
150,000,000 (31st March, 2021 10,00,000 equity shares of ₹ 100/- each) equity shares of ₹ 2/- each	3,000.00	1,000.00
Issued, subscribed and fully paid-up		
8,94,99,000 (31st March, 2021 8,94,990 equity shares of ₹ 100/- each) equity shares of ₹ 2/- each	1,789.98	894.99

a) Reconciliation of the number of shares:

(All amount in Lacs, unless otherwise stated)

Equity shares*	No of shares	Amount (In ₹ Lacs)
As at 1st April, 2020 (Equity share of ₹ 100/- each)	**8,94,990**	**894.99**
Add: Changes during the year	-	-
As at 31st March, 2021 (Equity share of ₹ 100/- each)	**8,94,990**	**894.99**
Sub-division of ₹ 100/- to ₹ 2/- face value per share during the year	4,47,49,500	-
Bonus shares issued during the year	4,47,49,500	894.99
As at 31st March, 2022	**8,94,99,000**	**1,789.98**

*During the Financial year 2021-22, the Company has increased authorised Capital from ₹ 1,000 Lacs to ₹ 3,000 Lacs divided into 1,500 Lacs shares of ₹ 2/- each.

Further, the Company has sub divided its Equity Shares in the ratio of 50 Equity Shares of ₹ 2/- each for the 1 equity share of ₹ 100/- each. accordingly 4,47,49,500 total fully paid up equity shares of ₹ 2/- are replaced from existing 8,94,990 shares of ₹ 100/- each.

Subsequent to sub-division, the Company has issued 4,47,49,500 equity shares of face value ₹ 2/- each as bonus shares in the ratio of 1:1 to all the existing shareholders of the Company. Consequent upon such bonus issue, the paid up capital of the Company stands increased from ₹ 894.99 Lacs to ₹ 1,789.98 Lacs. (Also refer note 28)

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 ₹ 2/- per share(31st March, 2021 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 in their 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 2022		As at March 2021	
	No of shares	%	No of shares	%
Sh. Paritosh Kumar Garg	3,56,60,600	39.84%	3,56,606	39.84%
Smt. Suman Garg	88,87,900	9.93%	88,879	9.93%
Sh. Ashish Garg	1,29,46,200	14.47%	1,29,462	14.47%
Sh. Paritosh K. Garg (HUF)	56,07,700	6.27%	56,077	6.27%
Ayush Capital and Financial Services Private Limited	1,07,45,100	12.01%	1,07,451	12.01%
Vistra ITCL (India) Limited	1,05,29,000	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.

NOTES TO STANDALONE FINANCIAL STATEMENT
FOR THE YEAR ENDED 31ST MARCH, 2022 (Contd.)

d) Details of shareholding by Promoters' the Company

(All amount in Lacs, unless otherwise stated)

Name of Shareholder	As at March 2022		As at March 2021		% change during the year
	No of shares	%	No of shares	%	
Sh. Paritosh Kumar Garg	3,56,60,600	39.84%	3,56,606	39.84%	-
Smt. Suman Garg	88,87,900	9.93%	88,879	9.93%	-
Sh. Ashish Garg	1,29,46,200	14.47%	1,29,462	14.47%	-
Smt. Megha Garg	24,19,900	2.70%	24,199	2.70%	-
Ms. Sheena Gupta	24,38,000	2.72%	24,380	2.72%	-
Sh. Paritosh K. Garg (HUF)	56,07,700	6.27%	56,077	6.27%	-
Ashish Garg & Sons (HUF)	2,54,200	0.28%	2,542	0.28%	
Ayush Capital and Financial Services Private Limited	1,07,45,100	12.01%	1,07,451	12.01%	-

(All amount in Lacs, unless otherwise stated)

Name of Shareholder	As at March 2021		As at March 2020		% change during the year
	No of shares	%	No of shares	%	
Sh. Paritosh Kumar Garg	3,56,606	39.84%	3,56,606	39.84%	-
Smt. Suman Garg	88,879	9.93%	88,879	9.93%	-
Sh. Ashish Garg	1,29,462	14.47%	1,29,462	14.47%	-
Smt. Megha Garg	24,199	2.70%	24,199	2.70%	-
Ms. Sheena Gupta	24,380	2.72%	24,380	2.72%	-
Sh. Paritosh K. Garg (HUF)	56,077	6.27%	56,077	6.27%	-
Ashish Garg & Sons (HUF)	2,542	0.28%	2,542	0.28%	-
Ayush Capital and Financial Services Private Limited	1,07,451	12.01%	1,07,451	12.01%	-

13. OTHER EQUITY

(All amount in Lacs, unless otherwise stated)

Particulars	As at 31st March, 2022	As at 31st March, 2021
Securities Premium		
Opening balance	21,633.04	21,633.04
Add: Change during the year	(15.02)	-
Closing balance (a)	**21,618.02**	**21,633.04**
Retained earnings		
Opening balance	41,987.61	33,319.46
Add: Profit for the year	14,228.02	8,644.58
Add: Other Comprehensive Income (OCI)	32.51	23.57
Less : Transfer to General reserve	(894.99)	-
Closing balance (b)	**55,353.15**	**41,987.61**
General Reserve (Refer Note 12)		
Opening balance	-	-
Add: Transfer from Retained earnings	894.99	-
Less : Bonus issuance from general reserve	(894.99)	-
Closing balance (c)	-	-
Total (a+b+c)	**76,971.17**	**63,620.65**

(a) Securities 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.

14. BORROWINGS

14.1 Non Current

(All amount in Lacs, unless otherwise stated)

Particulars	As at 31st March, 2022	As at 31st March, 2021
Secured		
Term Loans		
-Indian rupee loan from banks	3,005.86	3,328.94
-Indian rupee loan from banks (Vehicle Loan)	11.89	35.85
-Foreign currency term loan	4,853.56	-
	7,871.31	**3,364.79**
Less : Current maturity of long term loans*		
-Indian rupee from banks	(466.75)	(365.16)
Total	**7,404.56**	**2,999.63**

*Disclosed under current secured borrowings (Refer Note 14.2)

14.2 Current

Particulars	As at 31st March, 2022	As at 31st March, 2021
Secured		
-Indian rupee loan from bank	10,424.03	7,451.75
Current maturity of term loans:		
-Indian rupee loan from banks	466.75	365.16
Unsecured		
- Bill discounting	3,543.28	4,251.76
- Indian rupee loan from bank	1,996.60	-
- Loan from directors (refer note 35)	200.00	278.73
Total	**16,630.66**	**12,347.40**

14.3 Summary of security and unsecured loans as follows:

Particulars	As at 31st March, 2022	As at 31st March, 2021
Secured Long term Borrowings	7,404.56	3,364.79
Secured Short term Borrowings	10,890.78	7,451.75
Unsecured Short term Borrowings	5,739.88	4,530.49
Total Borrowings	**24,035.22**	**15,347.03**

Facility Category	As at 31st March, 2022	As at 31st March, 2021
Secured Term Loan (Refer note 1 & 2 below)	7,871.31	3,364.79
Cash Credit & Working capital demand loan (Refer note 3 below)	10,424.03	7,451.75
Unsecured Bill discounting (Refer note 4 below)	3,543.28	4,251.76
Unsecured Loan from Bank (Refer note 5 below)	1,996.60	-
Unsecured Loan from Director (Refer note 5 below)	200.00	278.73
Total	**24,035.22**	**15,347.03**

NOTES TO STANDALONE FINANCIAL STATEMENT
FOR THE YEAR ENDED 31ST MARCH, 2022 (Contd.)

Security, repayment & pricing details

Note Ref.	Nature	Bank Name	Balance outstanding	Interest rate	Terms of Repayment	Security Details
1	Term Loan	ICICI Bank	₹ 1,423.80 Lacs (31st March, 2021 ₹ 1,585.80 Lacs)	7.00-7.75% (31st March, 2021 - 7.75% to 8.65%)	16 Quarterly Instalments of ₹ 54 Lacs, 81 Lacs, 108 Lacs, 112.95 Lacs - 4 times each. Instalment starting from Jun 22 and last instalment due in Mar 26	Second pari passu charge over entire current assets of the Borrower, both present and future; First pari passu charge over all movable fixed assets of the Borrower, both present and future First pari passu charge by way of Equitable mortgage over Land and Building situated at -Village Kanganwal, PO Jugiana, Teh & Distt. Ludhiana and -Kanganwal Road, Opp. Garg Furnace, PO Office Jugiana, Ludhiana. Unconditional and Irrevocable personal guarantee of Promoter Directors.
1	Term Loan	Yes Bank	₹ 1,582.06 Lacs (31st March, 2021 ₹ 1761.25 Lacs)	6.95-7.70% (31st March, 2021 - 7.60% to 9.40%)	16 Quarterly Instalments of ₹ 59.71 Lacs, 89.54 Lacs, 119.43 Lacs, 126.86 Lacs - 4 times each. Instalment starting from Jun 22 and last instalment due in Mar 26	-Second Pari Passu charge on entire current assets of the borrower, both present & future; -First Pari Passu charge on all movable fixed assets of the borrower, both present & future; -First pari passu charge on immovable fixed assets (Land & Building) situated at (a) Village Kanganwal, PO Jugiana, Teh & Distt. Ludhiana and (b) Kanganwal Road, Pop Garg Furnace, PO Office Jugiana, Ludhiana. -Unconditional and Irrevocable personal guarantee of Promoter Directors.
1	Foreign currency loan (Reimbursement authorisation Financing arrangement)	Yes Bank and Bank of Baroda, Mauritius	₹ 4,853.56 Lacs (31st March, 2021 ₹ Nil)	0.98% (31st March, 2021 - Nil)	Repayable from sanctioned term loan* of ₹ 60 Crores from Yes Bank by 30th June, 2023. * Term Loan from Yes bank of ₹ 60 Crores payable in 20 Quarterly installments of ₹ 3 Crores each starting from 31st July, 2022.	Second Pari Passu charge on entire current assets of the borrower, both present & future; -First Pari Passu charge on all movable fixed assets of the borrower, both present & future; -First pari passu charge on immovable fixed assets (Land & Building) situated at- Village Dugri, Hadbast No. 220, Tehsil Payal, |Distt. Ludhiana -Negative lien over the land where CLU is not available having area 4.83 acres. -Unconditional and Irrevocable personal guarantee of Promoter Directors.
2	3 Vehicle loan	HDFC Bank	₹ 11.89 Lacs (31st March, 2021 ₹ 35.85 Lacs)	8.02%, 9.01%, 9.76% (31st March, 2021 - 8.02%, 9.01%, 9.76%)	Repayable in monthly instalment with last instalment due in Oct-22.	-Secured by the exclusive charge on the asset financed by the banks

NOTES TO STANDALONE FINANCIAL STATEMENT
FOR THE YEAR ENDED 31ST MARCH, 2022 (Contd.)

Note Ref.	Nature	Bank Name	Balance outstanding	Interest rate	Terms of Repayment	Security Details
3	Cash Credit, Working capital demand loan & Overdraft limit	HDFC Bank	₹ 4,076.20 Lacs (March ,31,2021 ₹ 2163.66 Lacs)	5.25-7.20% (31st March, 2021 - 4.05% - 8.50%)	Repayable within cash credit limit from 30 days to 180 days	First pari passu charge over entire current assets of the Borrower, both present and future Second pari passu charge over all movable fixed assets of the Borrower, both present and future Second pari passu charge on immovable property of the borrower at Kanganwal and Dugri plants Unconditional and Irrevocable personal guarantee of Promoter Directors.
3	Cash Credit, Working capital demand loan & Overdraft limit	ICICI Bank	₹ 1,782.99 Lacs (31st March, 2021 ₹ 834.79 Lacs)	5.15-7.95% (31st March, 2021 - 7.95% - 8.80%)	Repayable within cash credit limit from 30 days to 180 days	
3	Cash Credit, Working capital demand loan & Overdraft limit	Yes Bank	₹ 4,564.84 Lacs (31st March, 2021 ₹ 4452.03 Lacs)	4.96%-7.35% (31st March, 2021 - 4.75% - 9.45%)	Repayable within cash credit limit from 30 days to 180 days	
4	Bill Discounting	Kotak Mahindra Bank	₹ 2,802.98 Lacs (31st March, 2021 ₹ 1,528.09 Lacs)	As mutually agreed at the time of facility disbursement	On due date basis the credit days to customers ranging from 60 to 120 days	Personal Guarantee of Mr. Paritosh Garg, Mr. Ashish Garg, Ms. Suman Garg.
4	Bill Discounting	ICICI Bank	₹ 740.30 Lacs (31st March, 2021 ₹ 705.30 Lacs)	4.45% - 6.50% (31st March, 2021 - 7.25% - 7.40%)	On due date basis the credit days to customers ranging from 60 to 120 days	Personal Guarantee of Mr. Paritosh Garg, Mr. Ashish Garg, Ms. Suman Garg.
4	Bill Discounting	HDFC Bank	₹ Nil (31st March, 2021 ₹ 2018.37 Lacs)	As mutually agreed at the time of facility disbursement	On due date basis the credit days to customers ranging from 60 to 120 days	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.
5	Unsecured loan	Bajaj Finance	₹ 1,996.60 Lacs (31st March, 2021 ₹ Nil)	5.90% (31st March, 2021 - Nil)	Repayment within 90 days of availing the facility.	Not Applicable
5	Unsecured loan	Loan from Directors	₹ 200.00 Lacs (31st March, 2021 ₹ 278.73 Lacs)	9.00% (31st March, 2021 - 9%)	On demand	Not Applicable

The Company has been sanctioned working capital limits in excess of ₹ five Crores in aggregate from banks during the year on the basis of security of current assets of the Company. The quarterly returns/statements filed by the Company with such banks are in agreement with the books of accounts of the Company.

NOTES TO STANDALONE FINANCIAL STATEMENT
FOR THE YEAR ENDED 31ST MARCH, 2022 (Contd.)

15. PROVISIONS

Non-current

(All amount in Lacs, unless otherwise stated)

Particulars	As at 31st March, 2022	As at 31st March, 2021
Provision for litigation (Refer note 7)	-	332.89
Total	**-**	**332.89**

Current provision

Particulars	As at 31st March, 2022	As at 31st March, 2021
Current		
Provisions for employees benefits		
Provision for gratuity (Refer note 33)	117.61	86.48
Provision for compensated absences	149.34	103.36
Total	**266.95**	**189.84**

Provision for contingencies or litigation relates to excise, entry tax 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:

Provision for compensated absences	As at 31st March, 2022	As at 31st March, 2021
Opening balance	103.36	120.39
Additions during the year	45.98	-
Payments made during the year	-	(17.03)
Closing balance	**149.34**	**103.36**

Provision for gratuity	As at 31st March, 2022	As at 31st March, 2021
Opening balance	86.48	107.60
Additions during the year	117.61	86.48
Payments made during the year	(86.48)	(107.60)
Closing balance	**117.61**	**86.48**

16. INCOME TAX & DEFERRED TAX LIABILITIES

The major components of income tax expense for the year ended 31st March, 2022 and 31st March, 2021 are as follows:

(All amount in Lacs, unless otherwise stated)

Particulars	As at 31st March, 2022	As at 31st March, 2021
Current income tax		
Current income tax charge	4,630.57	3,105.63
Interest on income tax	61.07	52.18
Adjustments in respect of income tax of earlier years	17.48	0.15
Deferred tax		
Relating to origination and reversal of temporary differences (for current year)	267.24	(96.69)
Income tax expense reported in the Statement of profit and loss	**4,976.36**	**3,061.27**
OCI		
Deferred tax on items recognised in OCI On remeasurement of defined benefit plans	10.94	7.93
Total Tax	**4,987.30**	**3,069.20**

Reconciliation of tax expense and the accounting profit at domestic tax rate for 31st March, 2022 and 31st March, 2021

(All amount in Lacs, unless otherwise stated)

Particulars	As at 31st March, 2022	As at 31st March, 2021
Accounting profit before tax	19,204.38	11,705.85
At India's statutory income tax rate of 25.168 % (31st March, 2021: 25.168%)	4,833.36	2,946.13
Adjustment of tax relating ot earlier periods	17.48	0.15
Non deductible expenses for tax purpose		
Disallowances	67.26	58.99
Interest on income tax	61.07	52.18
Others	(2.81)	3.82
Reported income tax expenses	**4,976.36**	**3,061.27**
Effective tax rate	**25.91%**	**26.15%**

Deferred tax assets/(Deferred tax liabilities)

Deferred tax relates to the following	Balance sheet		Statement of profit and loss	
Impact of timing difference between tax	**31st March, 2022**	**31st March, 2021**	**31st March, 2022**	**31st March, 2021**
- Impact of difference between tax depreciation/amortisation and depreciation/amortisation as per Companies Act	(2,525.07)	(2,215.69)	309.38	47.21
- Impact of Mark to market income as per IND-AS	(7.65)	(6.22)	1.43	(6.22)
- Impact of exchange rate difference on capital goods	(77.89)	-	77.89	-
- Provision for doubtful debts/advances	81.43	79.97	(1.46)	38.69
- Provision for litigations	83.78	83.78	-	83.78
- Expenses allowed on payment basis (43B items)	92.01	8.00	(84.01)	(108.70)
- Others	59.04	34.00	(25.04)	34.00
Net Deferred tax assets/ (Deferred tax liabilities)	**(2,294.34)**	**(2,016.16)**	**278.18**	**88.76**

NOTES TO STANDALONE FINANCIAL STATEMENT
FOR THE YEAR ENDED 31ST MARCH, 2022 (Contd.)

Reflected in the balance sheet as follows:

Particulars	As at 31st March, 2022	As at 31st March, 2021
At the beginning of the year	(2,016.16)	(2,104.92)
Tax expense/(income) for the period recognised in statement of profit and loss	(267.24)	96.69
Tax expense/(income) for the period recognised in OCI	(10.94)	(7.93)
Deferred Tax Assets/(Liabilities)-Net	**(2,294.34)**	**(2,016.16)**

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.

17. TRADE PAYABLES

(All amount in Lacs, unless otherwise stated)

Particulars	As at 31st March, 2022	As at 31st March, 2021
Trade payables		
Total outstanding dues of micro enterprises and small enterprises (Refer note 30)	533.08	643.07
Total outstanding dues of creditors other than micro enterprises and small enterprises	3,877.92	3,136.87
Trade payable to related parties (Refer note 35)	12.12	13.43
Total	**4,423.12**	**3,793.37**

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 35.

Trade Payable ageing schedule

As at 31st March, 2022

Particulars	Unbilled	Not due	Outstanding for following periods from due date of payment				Total
			Less than 1 year	1-2 years	2-3 years	More than 3 years	
Total outstanding dues of micro enterprises and small enterprises	-	464.35	66.52	2.21	-	-	**533.08**
Total outstanding dues of creditors other than micro enterprises and small enterprises	1,149.51	387.38	2,340.10	3.99	8.75	0.32	**3,890.04**
Disputed dues of micro enterprises and small enterprises	-	-	-	-	-	-	**-**
Disputed dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-	-	**-**
Total	**1,149.51**	**851.73**	**2,406.62**	**6.20**	**8.75**	**0.32**	**4,423.12**

As at 31st March, 2021

Particulars	Unbilled	Not due	Outstanding for following periods from due date of payment				Total
			Less than 1 year	1-2 years	2-3 years	More than 3 years	
Total outstanding dues of micro enterprises and small enterprises	-	619.35	23.71	-	-	-	**643.06**
Total outstanding dues of creditors other than micro enterprises and small enterprises	448.07	1,197.84	1,492.51	9.53	2.36	-	**3,150.31**
Disputed dues of micro enterprises and small enterprises	-	-	-	-	-	-	**-**
Disputed dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-	-	**-**
Total	**448.07**	**1,817.19**	**1,516.22**	**9.53**	**2.36**	**-**	**3,793.37**

18. OTHER FINANCIAL LIABILITIES-CURRENT

(All amount in Lacs, unless otherwise stated)

Particulars	As at 31st March, 2022	As at 31st March, 2021
Interest accrued but not due on borrowings	91.01	45.23
Interest on others	0.22	9.37
Capital creditors - Other than MSME	1,232.79	280.96
Capital creditors-micro enterprises and small enterprises	204.25	17.18
Other payables:		-
-Employee dues payable	310.55	240.23
Total	**1,838.82**	**592.97**

19. OTHER CURRENT LIABILITIES

(All amount in Lacs, unless otherwise stated)

Particulars	As at 31st March, 2022	As at 31st March, 2021
Advance from customers *	161.63	192.24
Statutory dues payable #	359.10	264.73
Total	**520.73**	**456.97**

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

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

20.1 REVENUE FROM CONTRACT WITH CUSTOMERS

(All amount in Lacs, unless otherwise stated)

Particulars	For the year ended 31st March, 2022	For the year ended 31st March, 2021
Sale of Products		
- Sale of finished goods	78,556.50	54,774.03
- Dye design and preparation charges	807.38	77.27
Sale of services		
-Job work charges	6.26	15.21
Total revenue from contract with customer (i) (Refer note 32)	**79,370.14**	**54,866.51**
Other operating revenues		
-Sale of Manufacturing scrap	6,439.09	3,447.95
- Export incentives	194.74	167.49
-Gain on sale of raw material	0.56	13.87
Total other operating revenue (ii)	**6,634.39**	**3,629.31**
Total (i+ii)	**86,004.53**	**58,495.82**

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

(All amount in Lacs, unless otherwise stated)

Particulars	For the year ended 31st March, 2022	For the year ended 31st March, 2021
Revenue as per contracted price	79,465.67	55,098.48
Adjustment for:		
Discount & Incentives as per contract/schemes	(95.53)	(231.97)
Revenue from contract with customers	**79,370.14**	**54,866.51**

NOTES TO STANDALONE FINANCIAL STATEMENT
FOR THE YEAR ENDED 31ST MARCH, 2022 (Contd.)

20.3 Timing of revenue recognition

(All amount in Lacs, unless otherwise stated)

Particulars	For the year ended 31st March, 2022	For the year ended 31st March, 2021
Goods transferred at a point in time	79,363.88	54,851.30
Services transferred over time	6.26	15.21
Total revenue from contracts with customers	**79,370.14**	**54,866.51**

20.4 Performance obligation

Sales of Crankshafts and Motorvehicle parts

The performance obligation is satisfied upon delivery of the goods and payment is generally due within 30 to 180 days from delivery.

Sales of services

The performance obligation is satisfied over-time and payment is generally due upon completion and acceptance of the customer, which is generally due within 30 to 60 days.

21. OTHER INCOME

(All amount in Lacs, unless otherwise stated)

Particulars	For the year ended 31st March, 2022	For the year ended 31st March, 2021
Gain on sale of Investment (Measured at FVTPL)	-	2.57
Gain Foreign Exchange (net)	445.46	98.22
Fair value gain on financial instruments at fair value through profit or loss	72.38	36.58
Interest income from financial assets at amortised cost		
-on term deposits with bank	41.27	252.15
-on Electricity deposit	31.15	173.79
Miscellaneous income	15.59	22.23
Total	**605.85**	**585.54**

22. COST OF RAW MATERIAL AND COMPONENTS CONSUMED

(All amount in Lacs, unless otherwise stated)

Particulars	For the year ended 31st March, 2022	For the year ended 31st March, 2021
Inventory at the beginning of the year (Refer note 8) (a)	5,793.98	1,802.83
Purchases during the year (b)	45,362.61	30,073.18
Sales during the year (c)	320.22	356.36
Inventory at the end of the year (refer note 8) (d)	7,251.67	5,793.98
Total (a+b-c-d)	**43,584.70**	**25,725.67**

23. (INCREASE)/DECREASE IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROCESS

(All amount in Lacs, unless otherwise stated)

Particulars	For the year ended 31st March, 2022	For the year ended 31st March, 2021
Inventory at the beginning of the year (Refer note 8)		
-Finished Goods	2,725.91	2,474.83
-Work In progress	3,021.01	2,706.82
Sub Total (a)	**5,746.92**	**5,181.65**
Inventory at the end of the year (Refer note 8)		
-Finished Goods	4,577.50	2,725.91
-Work In progress	5,914.86	3,021.01
Sub Total (b)	**10,492.36**	**5,746.92**
(Increase)/ decrease in inventories of finished goods and work-in-progress (a-b)	**(4,745.44)**	**(565.27)**

24. EMPLOYEE BENEFITS EXPENSE (REFER NOTE 27(B))

(All amount in Lacs, unless otherwise stated)

Particulars	For the year ended 31st March, 2022	For the year ended 31st March, 2021
Salaries, wages and bonus	6,117.31	4,333.45
Contribution to provident fund and other funds/schemes	565.49	404.00
Gratuity (Refer note 33)	161.07	124.43
Staff welfare expenses	109.85	37.98
Total	**6,953.72**	**4,899.86**

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.

25. FINANCE COSTS (ALSO REFER NOTE 27(B))

(All amount in Lacs, unless otherwise stated)

Particulars	For the year ended 31st March, 2022	For the year ended 31st March, 2021
Interest expenses (At amortised Cost)		
- on borrowings**	445.17	1,010.36
- on others	0.22	12.53
Interest on bill discounting #	188.58	94.68
Other borrowing cost *	81.90	60.78
Total	**715.87**	**1,178.35**

**includes interest paid on restructuring of loan of ₹ Nil (31st March, 2021 ₹ 310.19 Lacs). Further, it include interest paid on 'loans from directors' of ₹ 23.76 Lacs (31st March, 2021 ₹ 50.37 Lacs)

This is net of interest received from Governmnet of India under Interest Equalisation Scheme on Pre and Post Shipment Rupee Export Credit to eligible exporters.

* includes amortisation of processing charges and bank charges.

NOTES TO STANDALONE FINANCIAL STATEMENT
FOR THE YEAR ENDED 31ST MARCH, 2022 (Contd.)

26. DEPRECIATION AND AMORTISATION EXPENSES

(All amount in Lacs, unless otherwise stated)

Particulars	For the year ended 31st March, 2022	For the year ended 31st March, 2021
Depreciation on property, plant & equipment (refer note 3)	3,747.85	3,572.24
Amortisation on intangible assets (refer note 4)	26.33	3.49
Total	**3,774.18**	**3,575.73**

27. OTHER EXPENSES

(All amount in Lacs, unless otherwise stated)

Particulars	For the year ended 31st March, 2022	For the year ended 31st March, 2021
Consumption of stores and spares	4,345.27	3,222.22
Power & fuel Expenses (net) #	6,765.42	4,626.30
Packing material	623.86	366.57
Job work charges	810.32	552.00
Rent expenses (refer note 31)	22.40	17.09
Rates and taxes	22.10	15.97
Repairs and maintenance:		
- Plant and machinery	1,615.61	1,327.67
- Building	27.66	53.24
- others	65.56	60.57
Travelling expenses	52.41	15.92
Advertisement and sales promotion expenses	29.61	65.91
Freight and forwarding charges	2,011.52	1,025.61
Director's sitting fees	5.50	5.80
Payment to Auditors (refer note. 27a)	53.96	27.92
Legal and professional fees	119.52	49.45
Provisions for doubtful receivables and advance	5.81	174.75
Provision for litigations	-	332.89
CSR expenditure (refer note 34)	265.93	233.64
Donation	1.58	0.76
Property, plant and equipment written off	-	108.32
Insurance	179.42	156.10
Miscellaneous expenses*	99.51	122.47
Total	**17,122.97**	**12,561.17**

* Does not include any item of expenditure with a value of more than 1% of the revenue from operations

Power and fuel expenses are net of ₹ 275.23 Lacs (31st March, 2021 ₹ 556.15 Lacs) on account of electricity duty subsidy receivable from Government.

27A. PAYMENT TO AUDITORS

(All amount in Lacs, unless otherwise stated)

Particulars	For the year ended 31st March, 2022	For the year ended 31st March, 2021
As statutory auditors		
(i) Audit Fee	49.00	26.50
(ii) Certification charges	0.50	-
(iii) Reimbursement of expenses	4.46	1.42
Total	**53.96**	**27.92**

27B. CAPITALISATION OF EXPENDITURE

The Company has capitalised the following expenses of revenue nature to the cost of Property, plant and equipment/Capital work in progress (CWIP). Consequently, expenses disclosed under the respective notes are net of amounts capitalised by the Company.

(All amount in Lacs, unless otherwise stated)

Particulars	31st March, 2022	31st March, 2021
Interest on bank facilities (Specific borrowings)	42.52	-
Interest on bank facilities (General borrowings)	346.76	-
Salaries wages and bonus	97.26	-
Total	**486.54**	**-**

The Company started the development of a new 14000MT press line in the month of June 2021. The carrying amount of the 14000MT press line as at 31st March, 2022 was ₹ 14,006.61 Lacs (31st March, 2021: ₹ Nil) which is clubbed under 'Capital work in progress'. This project is partially financed by specific borrowing under foreign currency loan i.e. 'Reimbursement authorisation Financing arrangement' and balance amount by general borrowings. Accordingly, the Company has capitalised ₹ 42.52 Lacs (31st March, 2021: ₹ Nil) as specific borrowing cost and ₹ 346.76 Lacs (31st March, 2021: ₹ Nil) as general borrowing cost. The rate used to determine the amount of borrowing costs eligible for capitalisation was 5.71%, which is the effective interest rate of the general borrowing. This project has been completed subsequenty in the month July'22

28. EARNINGS PER SHARE (EPS)

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

(All amount in Lacs, unless otherwise stated)

Particulars		31st March, 2022	31st March, 2021
(I)	Net Profit attributable to equity shareholders of the Company	14,228.02	8,644.58
(II)	Weighted average number of Equity shares for EPS		
	-Basic (Face Value ₹ 2/- per share (31st March, 2021 : ₹ 100/-per share)	894.99	894.99
	-Diluted (Face Value ₹ 2/- per share (31st March, 2021 : ₹ 100/-per share)	894.99	894.99
(III)	Earning per equity share [nominal value of ₹ 2 per share] (31st March, 2021 of ₹ 100 per share) [(I)/(II)]"		
	-Basic	15.90	9.66
	-Diluted	15.90	9.66

(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

(ii) Since the bonus shares issued during the year 2021-22 is without consideration, it is treated as if it had occurred before the beginning of earliest period presented and accordinly the earning per share of previous year has been restated. (Refer Note 12)

NOTES TO STANDALONE FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2022 (Contd.)

29. CONTINGENT LIABILITIES AND COMMITMENTS (TO THE EXTENT NOT PROVIDED FOR)

(All amount in Lacs, unless otherwise stated)

	Particulars	31st March, 2022	31st March, 2021
a.	**Commitments**		
(i)	Estimated amount of contracts remaining to be executed on capital expenditure and not provided for (net of advances)	12,635.96	15,360.74
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	216.75
(ii)	Income tax liability that may arise in respect of matters in disputes (Refer note-1)	143.24	143.24
(iii)	Pending duty obligation against EPCG licence (Refer note -2)	3,073.42	2,746.60
(iv)	Other Matters (Note-3)	NIL	(Refer Note 3 below)
c.	**Outstanding Bank guarantees (Refer note-4)**	174.73	108.08

Note 1 : Contingent liability of Excise and Goods and services tax of ₹ 216.75 Lacs (31st March, 2021 : ₹ 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 ₹ 143.24 Lacs (31st March, 2021 : ₹ 143.24 Lacs) is related to Income tax that pertains to demand of assessment year 2016-17 for certain additions made during the assessment which is pending before 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 Rate of return 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.

30. 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:

(All amount in Lacs, unless otherwise stated)

Particulars	31st March, 2022	31st March, 2021
Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end (Refer note 17 and 18)	737.33	660.25
Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year end	0.22	9.37
	737.55	**669.62**
Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed day during the year	6.05	910.40
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	0.22	9.37
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	-	-

31. LEASE

The Company incurred ₹ 22.40 Lacs for the year ended 31st March, 2022 (31st March, 2021 ₹ 17.09 Lacs) 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.

32. 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	31st March, 2022 (in ₹ Lacs)	31st March, 2021 (in ₹ Lacs)
Within India	70,688.76	50,055.96
Outside India	8,681.38	4,810.55
Total	**79,370.14**	**54,866.51**

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

Particulars	Number of customer	Amount (in ₹ Lacs)
Year ended 31st March, 2022	2	20,167.42
Year ended 31st March, 2021	2	15,492.40

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.

33. 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.

NOTES TO STANDALONE FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2022 (Contd.)

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

(i) Changes in the present value of defined benefit obligation

(All amount in Lacs, unless otherwise stated)

Particulars	31st March, 2022	31st March, 2021
Present value of defined benefit obligation as at year beginning	550.14	496.07
Current Service Cost	155.20	117.12
Past Service cost	-	-
Interest Cost	37.35	33.68
Remeasurements (gains)/losses		
-Actuarial (gains)/losses arising from changes in financial assumptions	(28.50)	-
-Actuarial (gains)/losses arising from changes in experience adjustments	(13.54)	(41.62)
Benefits Paid	(36.06)	(55.11)
Present value of defined benefit obligation as at year end	**664.59**	**550.14**

(ii) Changes in fair value of plan assets

Particulars	31st March, 2022	31st March, 2021
Fair Value of Plan Assets as at year beginning	463.66	388.47
Remeasurements (gains)/losses	-	-
-Return on plan assets, (excluding amount included in net Interest expense)	32.89	16.25
-FMC Charges	-	-
Employer's Contribution	86.48	114.05
Benefits Paid	(36.06)	(55.11)
Fair Value of Plan Assets as at year end	**546.97**	**463.66**

(iii) Acturial Gain/Loss on Plan Asset

Particulars	31st March, 2022	31st March, 2021
Expected Interest Income	31.48	26.38
Actual income on plan assets	32.89	16.25
Actuarial Gain/Loss for the year on Assets	1.41	(10.12)

(iv) Expected contribution for next accounting period:

Particulars	31st March, 2022	31st March, 2021
Service cost	199.65	171.70
Net interest cost	8.44	5.87
Expected expense for the next annual reporting period	208.09	177.57

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

Expense recognised in the Statement of Profit and Loss:

(All amount in Lacs, unless otherwise stated)

Particulars	31st March, 2022	31st March, 2021
Current Service Cost	155.20	117.12
Net Interest Cost/(Income)	5.87	7.31
Net Cost Recognised in the Statement of Profit and Loss	**161.07**	**124.43**

Expense recognised in the Other Comprehensive Income:

Particulars	31st March, 2022	31st March, 2021
Remeasurements (gains)/losses	(42.04)	(41.62)
Actuarial (gain) /Loss for the year on asset	(1.41)	10.12
Net Cost Recognised in the Other comprehensive income (OCI)	**(43.45)**	**(31.50)**

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

Particulars	31st March, 2022	31st March, 2021
Amounts Recognised in the Balance Sheet		
Present value of defined benefit obligation at the year end	664.60	550.15
Fair Value of the Plan Assets at the year end	546.99	463.67
Liability/(Asset) Recognised in the Balance Sheet	**117.61**	**86.48**

(vii) A quantitative sensitivity analysis for significant assumption is as shown below

Particulars	31st March, 2022	31st March, 2021
a) Impact of change in discount rate		
Present Value of obligation at the end of the period	664.60	550.15
a) Impact due to increase of 0.5%	(35.87)	(30.14)
b) Impact due to decrease of 0.5%	39.43	33.18

Particulars	31st March, 2022	31st March, 2021
b) Impact of change in Salary increase		
Present Value of obligation at the end of the period	664.60	550.15
a) Impact due to increase of 0.5%	38.20	31.87
b) Impact due to decrease of 0.5%	(35.09)	(29.47)

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.

(viii) Expected contribution for the next Annual reporting period

Particulars	31st March, 2022	31st March, 2021
a) Service cost	199.65	171.70
b) Net interest cost	8.44	5.87
c) Expected expense for the next annual reporting period	208.09	177.57

NOTES TO STANDALONE FINANCIAL STATEMENT
FOR THE YEAR ENDED 31ST MARCH, 2022 (Contd.)

(ix) Significant Actuarial Assumptions

(All amount in Lacs, unless otherwise stated)

Particulars	31st March, 2022	31st March, 2021
Discount Rate	7.18%	6.79%
Number of Employees	2,639	2,309
Maximum Gratuity amount limit	20 Lacs	20 Lacs
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) (31st March, 2021 - 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.

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

Particulars	31st March, 2022	31st March, 2021
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%**

34. DETAIL OF EXPENDITURE INCURRED ON CORPORATE SOCIAL RESPONSIBILITIES

(All amount in Lacs, unless otherwise stated)

Particulars	Year ended 31st March, 2022	Year ended 31st March, 2021
a) Gross amount required to be spent by the Company during the year	244.88	233.64
b) Amount approved by the Board during the year	270.00	233.64

b) Amount spent during the year:

Particulars	Year ended 31st March, 2022	ended 31st March, 2021
Construction / acquisition of any asset	54.30	103.81
On purpose other than above (i) above	265.93	40.61
Total amount spent during the year	320.23	144.42

Amount spent during the year ending on 31st March, 2022:	In cash	Yet to be paid in cash	Total
i) Construction/acquisition of any asset	54.30	34.92	89.22
ii) On purposes other than (i) above	265.93	-	265.93
Total	**320.23**	**34.92**	**355.15**

₹ in Lacs

Amount spent during the year ending on 31st March, 2021:	In cash	Yet to be paid in cash	Total
i) Construction/acquisition of any asset	103.81	89.22	193.03
ii) On purposes other than (i) above	40.61	-	40.61
Total	**144.42**	**89.22**	**233.64**

In case of S. 135(6) (Ongoing project)	Year ended 31st March, 2022	Year ended 31st March, 2021
Opening Balance		
- With Company	-	-
- In Separate CSR Unspent A/c	95.00	-
Amount required to be spent for the year ended 31st March, 2021	-	193.03
Amount spent during the year		
- From Company's bank A/c	0.77	103.81
- From Separate CSR Unspent A/c	53.53	-
Closing balance		
- With Company	-	89.22
- In Separate CSR Unspent A/c	41.47	-
Amount required to be deposited in separate bank account	-	89.22
Actual amount deposited in Unspent Account after the year end	-	95.00

(All amount in Lacs, unless otherwise stated)

In case of S. 135(5) (Other than ongoing project)	Year ended 31st March, 2022	Year ended 31st March, 2021
Opening Balance		-
Amount required to be spent during the year	244.88	40.61
Amount spent during the year	265.93	40.61
Amount deposited in Specified Fund of Sch. VII within 6 months	-	-
Closing Balance	-	-

NOTES TO STANDALONE FINANCIAL STATEMENT
FOR THE YEAR ENDED 31ST MARCH, 2022 (Contd.)

35. 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
iv.	Suman Garg	Whole-Time Director
v.	Narinder Singh Juneja	Whole-Time Director
vi.	Prakash Bagla	Non- executive Director
vii.	Vikas Giya	Independent Director *
viii.	Nitin Aggarwal	Independent Director *
ix.	Satish Sekhri	Independent Director *
x.	Suresh Chander Garg	Independent Director *
xi.	Pankaj Kumar Goyal	Chief financial officer
xii.	Bindu Garg (w.e.f. 12th July, 2022)	Company Secretary
xiii	Depesh Kumar (Upto 13th June, 2022)	Company Secretary

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

i. Ayush Capital and Financial Services Private Limited
ii. Happy Steels Private Limited
iii. Technomic Industries (proprietorship)
iv. Gamo Forgings Private Limited
v. Venus Industrial Corporation(partnership)
vi. Northstar Autocomp Private Limited

3) Joint Venture partner

i. Linchpin Technologies Private Limited (w.e.f 8th January, 2022)

* 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.

A) Transactions with related parties during the year.

(All amount in Lacs, unless otherwise stated)

Particulars	Key Management Personnel and their relatives		Enterprises over which Key Management Personnel & their relatives are able to exercise significant influence	
	31st March, 2022	31st March, 2021	31st March, 2022	31st March, 2021
Sale of finished goods				
Happy Steels Private Limited	-	-	1.58	4.91
Total	**-**	**-**	**1.58**	**4.91**
Sale of scrap				
Technomec Industries		-	-	1.15
Total	**-**	**-**	**-**	**1.15**

NOTES TO STANDALONE FINANCIAL STATEMENT
FOR THE YEAR ENDED 31ST MARCH, 2022 (Contd.)

(All amount in Lacs, unless otherwise stated)

Particulars	Key Management Personnel and their relatives		Enterprises over which Key Management Personnel & their relatives are able to exercise significant influence	
	31st March, 2022	31st March, 2021	31st March, 2022	31st March, 2021
Sale of Raw Material				
Happy Steels Private Limited	-	-	-	0.17
Technomec Industries	-	-	6.71	6.43
Venus Industrial Corporation	-	-	34.88	425.01
Northstar Autocomp Private Limited	-	-	1.98	-
Gamo Forgings Private Limited	-	-	-	0.06
Total	**-**	**-**	**43.57**	**431.67**
Job Work Sales				
Technomec Industries	-	-	0.17	0.16
Happy Steels Private Limited	-	-	1.25	-
Venus Industrial Corporation	-	-	2.31	11.86
Total	**-**	**-**	**3.73**	**12.02**
Job Work Expenses				
Happy Steels Private Limited	-	-	4.15	1.85
Technomec Industries	-	-	75.13	74.85
Gamo Forgings Private Limited	-	-	-	2.88
Total	**-**	**-**	**79.28**	**79.58**
Reimbursement of expenses				
Technomec Industries			2.70	3.03
Total	**-**	**-**	**2.70**	**3.03**
Repair work expenses				
Happy Steels Private Limited	-	-	0.12	-
Total	**-**	**-**	**0.12**	**-**
Purchase of Unquoted equity shares from VVDN technologies private limited				
Linchpin Technologies Private Limited	-	-	41.20	-
Total	**-**	**-**	**41.20**	**-**
Loan Taken				
Suman Garg	-	44.25	-	-
Paritosh Kumar	-	84.14	-	-
Ashish Garg	-	45.33	-	-
Megha Garg	-	32.01	-	-
Total	**-**	**205.73**	**-**	**-**
Repayment of loan				
Suman Garg	-	131.91	-	-
Paritosh Kumar	-	222.32	-	-
Ashish Garg	75.00	65.20	-	-
Megha Garg	-	34.06	-	-
Total	**75.00**	**453.49**	**-**	**-**
Interest on Loan				

NOTES TO STANDALONE FINANCIAL STATEMENT
FOR THE YEAR ENDED 31ST MARCH, 2022 (Contd.)

(All amount in Lacs, unless otherwise stated)

Particulars	Key Management Personnel and their relatives		Enterprises over which Key Management Personnel & their relatives are able to exercise significant influence	
	31st March, 2022	31st March, 2021	31st March, 2022	31st March, 2021
Suman Garg	-	8.30	-	-
Paritosh Kumar	-	14.28	-	-
Ashish Garg	22.81	25.42	-	-
Megha Garg	0.94	2.37	-	-
Total	**23.75**	**50.37**	**-**	**-**
Reimbursement of capital expenditure incurred on immovable property				
Paritosh Kumar	-	389.97	-	-
Total	**-**	**389.97**	**-**	**-**
Salary #				
Suman Garg	46.28	57.73	-	-
Paritosh Kumar	161.78	201.79	-	-
Ashish Garg	158.48	197.68	-	-
Megha Garg	36.38	45.38	-	-
Narender Singh Juneja	48.49	40.85	-	-
Pankaj Kumar Goyal	21.30	17.88	-	-
Bindu Garg	11.89	-	-	-
Depesh Kumar	14.66	11.98	-	-
Total	**499.26**	**573.29**	**-**	**-**
Directors sitting fees				
Satish Sekhri	4.00	4.00	-	-
Nitin Aggarwal	0.50	0.60	-	-
Suresh Chander Garg	0.50	0.60	-	-
Vikas Giya	0.50	0.60	-	-
Total	**5.50**	**5.80**	**-**	**-**
Commission				
Satish Sekhri	6.00	11.00	-	-
Total	**6.00**	**11.00**	**-**	**-**

Balance with related Parties at year end:

Name of Party	Nature of Transaction	31st March, 2022	31st March, 2021
Happy Steels Private Limited	Trade payables	6.88	5.49
Technomec Industries	Trade payables	5.23	7.94
Venus Industrial Corporation	Trade receivable	-	343.84
NorthStar Autocomp Private Limited	Trade receivable	1.98	-
Ashish Garg	Borrowings (Current Loan)	190.00	268.58
Megha Garg	Borrowings (Current Loan)	10.00	10.15

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

36. FINANCIAL ASSETS & FINANCIAL LIABILITIES

A. Financial Assets

(All amount in Lacs, unless otherwise stated)

Particulars	Fair Value hierarchy	As at 31st March, 2022		As at 31st March, 2021	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets-Non Current					
At Amortised Cost					
(i) Other financial assets (Refer note 6)	Level 3	746.68	746.68	716.68	716.68
Total Non current financial assets (a)		**746.68**	**746.68**	**716.68**	**716.68**
Financial Assets-Current					
At fair value though profit or loss					
(a) Derivative financial instruments (Refer note 6)	Level 2	72.38	72.38	36.58	36.58
At Amortised Cost					
(i) Trade receivables (Refer note 9)	Level 3	22,203.58	22,203.58	16,556.93	16,556.93
(ii) Cash and cash equivalents (Refer note 10)	Level 3	2.02	2.02	288.71	288.71
(iii) Bank balance other than above (Refer note 11)	Level 3	143.96	143.96	2,489.58	2,489.58
(iv) Other financial assets (Refer note 6)	Level 3	260.70	260.70	193.15	193.15
Total Current financial assets (b)		**22,682.64**	**22,682.64**	**19,564.95**	**19,564.95**
Total financial assets (a+b)		**23,429.32**	**23,429.32**	**20,281.63**	**20,281.63**

B. Financial Liabilities

Particulars	Fair Value hierarchy	As at 31st March, 2022		As at 31st March, 2021	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial liabilities-non current					
At Amortised Cost					
(i) Borrowings (Refer note 14)	Level 3	7,404.56	7,404.56	2,999.63	2,999.63
Total Non Current Financial Liabilities (a)		**7,404.56**	**7,404.56**	**2,999.63**	**2,999.63**
Financial liabilities-Current					
At Amortised Cost					
(i) Borrowings (Refer note 14)	Level 3	16,630.66	16,630.66	12,347.40	12,347.40
(ii) Trade payable (Refer note 17)	Level 3	4,423.12	4,423.12	3,793.37	3,793.37
Others					
Accrued employee liabilities (Refer note 18)	Level 3	310.55	310.55	240.23	240.23
Other payables (Refer note 18)	Level 3	1,528.27	1,528.27	352.74	352.74
Total Current Financial Liabilities (b)		**22,892.60**	**22,892.61**	**16,733.74**	**16,733.74**
Total Financial Liabilities (a+b)		**30,297.16**	**30,297.17**	**19,733.37**	**19,733.37**

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 31st March, 2022 and 31st March, 2021.

NOTES TO STANDALONE FINANCIAL STATEMENT
FOR THE YEAR ENDED 31ST MARCH, 2022 (Contd.)

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).

37. 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, debt and equity investments and derivative financial instruments.

The sensitivity analyses in the following sections relate to the position as at 31st March, 2022 and 31st March, 2021.

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 foreign exchange rates. 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/exports and long term foreign currency borrowings. The Company evaluates the exchange rate exposure arising from foreign currency transactions and follows established risk management policies.

Foreign currency sensitivity

The following table represents the senstivity to a reasonably possible change in exchange rates, with all other variables held constant. 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.

(All numbers in Lacs, unless otherwise stated)

Particulars	31st March, 2022 (Foreign Currency)	31st March, 2022 (₹ Value)	Currency	Increase/ Decrease in rate	Impact on profit before tax (Decrease in rate)	Impact on profit before tax (Increase in rate)
Trade Receivables	7.91	600.69	US$	5%	30.03	(30.03)
Trade Receivables	28.50	2,399.96	EURO	5%	120.00	(120.00)
Trade Payable	0.03	1.99	US$	5%	(0.10)	0.10
Capital Creditors	8.22	692.29	EURO	5%	(34.61)	34.61
Capital Creditors	2.23	222.45	GBP	5%	(11.12)	11.12
Capital Creditors	0.02	1.28	US$	5%	(0.06)	0.06
Borrowings-Current/Non current	58.14	4,896.08	EURO	5%	(244.80)	244.80

(All numbers in Lacs, unless otherwise stated)

Particulars	31st March, 2021 (Foreign Currency)	31st March, 2021 (₹ Value)	Currency	Increase/ Decrease in rate	Impact on profit before tax (Decrease in rate)	Impact on profit before tax (Increase in rate)
Trade Receivables	2.90	211.87	US$	5%	10.59	(10.59)
Trade Receivables	11.63	997.27	EURO	5%	49.86	(49.86)

The Company has derivative financial instruments such as foreign exchange forward contracts to mitigate the risk of changes in exchange rate in foreign currency exposure. The counterparty for these contracts is generally a bank. The details of the outstanding foreign exchange forward contracts are as follows:

(All numbers in Lacs, unless otherwise stated)

Particulars	Currency	31st March, 2022		31st March, 2021	
		Foreign Currency	Indian Rupee	Foreign Currency	Indian Rupee
Receivables (Forwards contracts sell)	US$	12.00	910.80	15.00	1,377.73
Receivables (Forwards contracts sell)	EURO	9.00	757.98	-	-

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 and in foreign currency 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

The Company is affected by price volatility of certain commodities. The principal raw materials for the Company products are alloy and carbon steel in the form of rounds and billets which are purchased by the Company from the approved list of suppliers. Most of the input materials are procured from domestic vendors which is subject to price negotiations. Due to significant volatility in prices of steel, the Company has agreed with its customers for pass through of increase/decrease of prices of steel. There may be a lag effect in case of such pass-through arrangements.

Commodity price sensitivity

The Company has back to back pass-through arrangements for volatility in raw material prices for most of the customers. However, in few cases there may be lag elect in case of such pass-through arrangements and might have some elect on the Company's profit and equity

A(iv) Equity price risk

The Company's non-listed equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Company's Board of Directors reviews and approves all equity investment decisions. At the reporting date, the exposure to unlisted equity securities of joint venture is at cost of ₹ 41.20 Lacs. Sensitivity analysis of these investments have been provided in Note 36.

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.

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

NOTES TO STANDALONE FINANCIAL STATEMENT
FOR THE YEAR ENDED 31ST MARCH, 2022 (Contd.)

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 are 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.

(All amount in Lacs, unless otherwise stated)

Particulars	On demand	Less than 3 months	3 to 12 months	1 to 5 years	>5 years	Total
As 31st March, 2022						
Borrowings * (Refer note 14 & 18)	16,163.92	113.71	353.03	7,404.56	-	24,035.22
Other financial liabilities (Refer note 18)	1,838.82	-	-	-	-	1,838.82
Trade Payable (Refer note 17)	4,423.12	-	-	-	-	4,423.12
	22,425.85	**113.71**	**353.03**	**7,404.56**	**-**	**30,297.16**
As 31st March, 2021						
Borrowings * (Refer note 14 & 18)	11,982.24	91.10	274.06	3,017.75	-	15,365.15
Other financial liabilities (Refer note 18)	592.97	-	-	-	-	592.97
Trade Payable (Refer note 17)	3,793.37	-	-	-	-	3,793.37
	16,368.58	**91.10**	**274.06**	**3,017.75**	**-**	**19,751.49**

* based on total principal outstanding gross of the processing fee and charges of ₹ Nil (31st March, 2021 ₹ 18.12 Lacs)

Note : The amounts in on demand category includes cash credit limits that are generally sanctioned for one year which are subject to renewals, however these are repayable on demand.

NOTES TO STANDALONE FINANCIAL STATEMENT
FOR THE YEAR ENDED 31ST MARCH, 2022 (Contd.)

38. 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.

(All amount in Lacs, unless otherwise stated)

Particulars	31st March, 2022	31st March, 2021
Borrowings (Refer note 14)	24,035.22	15,365.15
Less: Cash & cash equivalents (Refer note 10)	2.02	288.70
Less: Other bank balance (Refer note 11)	143.96	2,489.58
Net debt	**24,181.20**	**18,143.43**
Total capital	78,761.15	64,515.64
Capital and net debt	**102,942.35**	**82,659.07**
Gearing ratio	23.49%	21.95%

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 31st March, 2022 and 31st March, 2021.

39. IMPACT OF COVID-19

The Company has assessed the possible impact of COVID-19 in assessing the recoverability of carrying amount of Company's assets such as property, plant and equipment, investments and other assets etc. considering the various internal and external information up to the date of approval of these financial statements and concluded that they are recoverable based on the estimated realisable value. The Company continues to monitor any material charges to the future economic conditions.

40. RECOGNITION OF GOVERNMENT GRANTS

During the current year, the Company has accrued income retaling to electricity duty and infrastructure development fund under "Invest Punjab Scheme" of ₹ 275.23 Lacs (March 31, 2021 ₹ 556.15 Lacs). Further during the current year, the Company has received approval relating to Net SGST pertaining to earlier years of ₹ 1064.35 Lacs (March 31, 2021 NIL) and the same has not been accrued as income since the management is of the view that at this point in time, it is not reasonably certain that the amount will be realised.

41. RATIO ANALYSIS AND ITS ELEMENTS

Ratio	Numerator	Denominator	31st March, 2022	31st March, 2021	% Change	Reason for variance (if more than 25%)
Current Ratio	Current Assets	Current Liabilities	1.74	1.90	(8.67)	Not Applicable
Debt Equity Ratio	Total Debt	Shareholder's equity	0.31	0.24	28.29	During the current year, the Company has availed the additional Working capital limits and term loans which is in line with increase in Inventory/Book debt level and capex expansion programme of the Company, as a result of which debt equity ratio has increased.

NOTES TO STANDALONE FINANCIAL STATEMENT
FOR THE YEAR ENDED 31ST MARCH, 2022 (Contd.)

Ratio	Numerator	Denominator	31st March, 2022	31st March, 2021	% Change	Reason for variance (if more than 25%)
Debt Service Coverage Ratio	Earnings for debt service=Net profit after taxes+non cash operating expenses	Debt service= Interest & lease payments+ principal repayments	19.14	9.94	92.69	Improvement in the ratio is due to increase is operating margin with increase in revenue
Return on Equity Ratio	Net profit after taxes-preference dividend	Average shareholder's equity	19.91%	14.40%	38.24	During the current year, profits of the Company has increased due to increase in revenue resulting in increase in contribution, as a result of which the Return on Equity ratio has improved.
Inventory Turnover Ratio	Cost of goods sold	Average inventory	2.54	2.55	(0.36)	Not Applicable
Trade Receivable Turnover Ratio	Net credit sale=Gross credit sales-sales return	Average trade receivable	4.43	3.84	15.13	Not Applicable
Trade Payable Turnover Ratio	Net credit purchases=Gross credit purchases-purchase return	Average trade payable	12.90	9.50	35.81	During the current year, due to growth in turnover, there is increase in purchase of Raw material however the Company is regular in payment to vendors. Accordingly, there is no significant change in balance of Trade payables even with the higher purchases volume as a result of which Trade Payable ratio has improved.
Net Capital Turnover Ratio	Net Sales= Total sales-sales return	Working Capital=current assets-current liabilities	4.77	3.67	30.23	With the efficient working capital management, working capital has not been increased in proportion to sales.
Net Profit Ratio	Net Profit	Net Sales=Total sales-sales return	16.62%	14.86%	11.80	Not Applicable
Return on Capital Employed	Earning before interest and taxes	Capital Employed = Tangible net worth+Total debt+Deferred tax liability	18.96%	15.74%	20.46	Not Applicable
Return on investment	Interest (Finance income)	Investment	-	NA	NA	There is no return on Company's investment in joint venture. Hence this ratio cannot be computed.

42. DISCLOSURE PURSUANT TO AMENDMENT TO IND AS 7 (CASH FLOW STATEMENT)

Financing activities

Borrowings

(All amounts in ₹ Lacs, unless otherwise stated)

Particulars	Opening balance 1st April, 2021	Cash flows	Non-cash transactions		Closing balance 31st March, 2022
			Processing cost	Fair value changes	
Term loans from Banks (including current maturity)	3,364.79	4,764.53	-	(258.01)	7,871.31
Loan from related parties	-	-	-	-	-
Short term borrowing	11,982.24	4,181.67	-	-	16,163.91
Total Liabilities from financing activities	**15,347.03**	**8,946.20**	**-**	**(258.01)**	**24,035.22**

Particulars	Opening balance 1st April, 2020	Cash flows	Non-cash transactions		Closing balance 31st March, 2021
			Processing cost	Fair value changes	
Term loans from Banks (including current maturity)	6,288.74	(2,923.95)	-	-	3,364.79
Loan from related parties	-	-	-	-	-
Short term borrowing	6,533.23	5,449.01	-	-	11,982.24
Total Liabilities from financing activities	**12,821.97**	**2,525.06**	**-**	**-**	**15,347.03**

43. OTHER STATUTORY INFORMATION

(i) The Company does not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property.

(ii) The Company does not have any transactions with companies struck off.

(iii) The Company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period,

(iv) The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.

(v) The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:

 (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries) or

 (b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiarie

(vi) The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:

 (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or

 (b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries,

(vii) The Company does not have any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961

44. The previous year figures have been regoruped/ rearranged wherever necessary to conform to the current period's classification in order to comply with the requirements of the amended Schedule III to the Companies Act, 2013, effective 1st April, 2021.

As per 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

Place: Ludhiana
Date: 6th September, 2022

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

Pankaj Kumar Goyal
Chief financial officer
Membership No. 500683

Bindu Garg
Company Secretary
Membership No. 6997

Place: Ludhiana
Date: 6th September, 2022

INDEPENDENT AUDITOR'S REPORT

To the Members of

HAPPY FORGINGS LIMITED

Report on the Audit of the Consolidated Financial Statements

OPINION

We have audited the accompanying consolidated financial statements of Happy Forgings Limited (hereinafter referred to as "the Company") and its joint venture comprising of the consolidated Balance Sheet as at March 31, 2022, the consolidated Statement of Profit and Loss, including other Comprehensive Income, the consolidated Cash Flow Statement and the consolidated Statement of Changes in Equity for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditor on separate financial statements and on the other financial information of the joint venture, the aforesaid consolidated 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 consolidated state of affairs of the Company and its joint venture as at March 31, 2022, their consolidated profit including other comprehensive income, and their consolidated cash flows and the consolidated statement of changes in equity for the year ended on that date.

BASIS FOR OPINION

We conducted our audit of the consolidated 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 Consolidated Financial Statements' section of our report. We are independent of the Company and its joint venture 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 consolidated 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 consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF MANAGEMENT FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in terms of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated statement of changes in equity of the Company and its joint venture 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. The respective Board of Directors of the Company and its joint venture are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and its joint venture 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 consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error which have been used for the purpose of preparation of the consolidated financial statements by the Board of Directors of the Company and its joint venture, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the Company and its joint venture are responsible for assessing the ability of their respective companies 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 and its joint venture or to cease operations, or has no realistic alternative but to do so.

Those respective Board of Directors of the Company and its joint venture are also responsible for overseeing the financial reporting process of their respective companies.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company and its joint venture's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and its joint venture to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information or business activities of the Company and its joint venture of which we are the independent auditors, to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of the Company included in the consolidated financial statements of which we are the independent auditors. For the other entity i.e. an joint venture included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Company and such other entity included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

OTHER MATTER

We did not audit the financial statements and other financial

INDEPENDENT AUDITOR'S REPORT (Contd.)

information, in respect of a joint venture. The consolidated financial statements include the Company's share of net profit of INR 0.47 lacs for the year ended March 31, 2022, as considered in the consolidated financial statements, in respect of a joint venture, whose financial statements, other financial information have been audited by other auditors and whose reports have been furnished to us by the Management. Our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of the joint venture, is based solely on the report of such other auditors.

The Company acquired investments in joint venture on January 08, 2022 and has consolidated the financial information of the said joint venture from the period of January 09, 2022 to March 31, 2022. Since this is the first set of consolidated financial statements, comparative figures for the previous period are not presented.

Our opinion above on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, based on our audit and on the consideration of report of the other auditor on separate financial statements and the other financial information of the joint venture, incorporated in India, as noted in the 'Other Matter' paragraph, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3(xxi) of the Order.
2. As required by Section 143(3) of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of a joint venture as noted in the 'other matter' paragraph, we report that:
   (a) We/the other auditors whose report we have relied upon 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 of the aforesaid consolidated financial statements;
   (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidation of the financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors;
   (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated financial statements;
   (d) In our opinion, the aforesaid consolidated financial statements comply with the accounting standards specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 as amended;
   (e) On the basis of the written representations received from the directors of the Company as on March 31, 2022 taken on record by the Board of Directors of the Company and the reports of statutory auditors who are appointed under section 139 of the Act, of its joint venture, none of the directors of the Company and its joint venture incorporated in India, is disqualified as on March 31, 2022 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 with reference to these consolidated financial statements of the Company incorporated in India, and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
   (g) In our opinion and based on the consideration of reports of other statutory auditor of the joint venture incorporate in India, the managerial remuneration for the year ended March 31, 2022 has been provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to 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 and based on the consideration of the report of the other auditors on separate financial statements as also the other financial information of a joint venture, as noted in the 'Other matter' paragraph:
      i. The consolidated financial statements disclose the impact of pending litigations on its consolidated financial position of the Company and its joint venture in the

consolidated financial statements – Refer Note 29 to the consolidated financial statements;

ii. The Company and its joint venture did not have any material foreseeable losses in long-term contracts including derivative contracts during the year ended March 31, 2022;

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company and its joint venture incorporated in India during the year ended March 31, 2022.

iv. a) The respective managements of the Company and its joint venture which are companies incorporated in India whose financial statements have been audited under the Act have represented to us and other auditors of such joint venture respectively that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company or its joint venture to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company or its joint venture ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

b) The respective managements of the Company and its joint venture which are companies incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such joint venture respectively that, to the best of its knowledge and belief, no funds have been received by the Company or its joint venture from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company or any of such joint venture shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances performed by us and that performed by the auditor of the joint venture which are companies incorporated in India whose financial statements have been audited under the Act, nothing has come to our or other auditor's notice that has caused us or other auditor to believe that the representations under sub-clause (a) and (b) contain any material misstatement.

v. No dividend has been declared or paid during the year by the Company and its joint venture incorporated in India.

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

per Pravin Tulsyan
Partner
Membership Number: 108044
UDIN: 22108044ARBOLA8217

Place of Signature: Ludhiana
Date: September 06, 2022

ANNEXURE '1' REFERRED TO IN PARAGRAPH UNDER THE HEADING "REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS" OF OUR REPORT OF EVEN DATE

Re: Happy Forgings Limited ("the Company")

In terms of the information and explanations sought by us and given by the Company and the books of account and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that:

(xxi) There is no qualification or adverse remarks by the other auditor in the Companies (Auditors Report) Order (CARO) reports of a joint venture included in the consolidated financial statements. Accordingly, the requirement to report on clause 3(xxi) of the Order is not applicable to the Company.

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

per Pravin Tulsyan
Partner
Membership Number: 108044
UDIN: 22108044ARBOLA8217

Place of Signature: Ludhiana
Date: September 06, 2022

ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE CONSOLIDATED IND AS 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")

In conjunction with our audit of the consolidated financial statements of Happy Forgings Limited (hereinafter referred to as the "Company") and its joint venture as of and for the year ended March 31, 2022, we have audited the internal financial controls with reference to consolidated financial statements of the Company, which is a company incorporated in India as of that date.

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The board of directors of the Company incorporated in India 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. 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 consolidated Ind AS 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 Act, to the extent applicable to an audit of internal financial controls, both issued by ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to these Consolidated Ind AS financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to these consolidated Ind AS financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated Ind AS financial statements included obtaining an understanding of internal financial controls with reference to these consolidated Ind AS financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to these consolidated Ind AS financial statements.

MEANING OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THESE CONSOLIDATED IND AS FINANCIAL STATEMENTS

A company's internal financial controls with reference to consolidated Ind AS 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 controls with reference to consolidated Ind AS 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 consolidated Ind AS financial statements.

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO CONSOLIDATED IND AS FINANCIAL STATEMENTS

Because of the inherent limitations of internal financial controls with reference to consolidated Ind AS financial statements, including the possibility of collusion or improper management override of controls, material misstatements

ANNEXURE 2 (Contd.)

due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to consolidated Ind AS financial statements to future periods are subject to the risk that the internal financial control with reference to consolidated Ind AS financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

OPINION

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to consolidated Ind AS financial statements and such internal financial controls with reference to consolidated Ind AS financial statements were operating effectively as at March 31, 2022, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the Institute of Chartered Accountants of India.

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

per Pravin Tulsyan
Partner
Membership Number: 108044
UDIN: 22108044ARBOLA8217

Place of Signature: Ludhiana
Date: September 06, 2022

HAPPY FORGINGS LIMITED

(CIN No.: U28910PB1979PLC004008)

CONSOLIDATED BALANCE SHEET

AS AT 31ST MARCH, 2022

(All amount in Lacs, unless otherwise stated)

Particulars				Note No.	As at 31st March, 2022
I	**ASSETS**				
	Non-current assets				.
	a.	Property, plant and equipment		3	45,463.26
	b.	Capital work-in-progress		3	21,225.50
	c.	Intangible assets		4	155.81
	d.	Intangible assets under development		4(a)	-
	e.	Financial assets:			
		(i)	Investments in Joint Venture	5	41.67
		(ii)	Other financial assets	6	746.68
	f.	Other non current assets		7	2,795.21
	Total non-current assets				**70,428.13**
	Current assets				
	a.	Inventories		8	18,398.35
	b.	Financial assets:			
		(i)	Trade receivables	9	22,203.58
		(ii)	Cash and cash equivalents	10	2.02
		(iii)	Bank balance other than (ii) above	11	143.96
		(iv)	Other financial assets	6	333.08
	c.	Other current assets		7	1,179.05
	Total current assets				**42,260.04**
	Assets held for sale			3	61.71
	TOTAL ASSETS				**1,12,749.88**
II	**EQUITY AND LIABILITIES**				
	Equity				
	a. Equity share capital			12	1,789.98
	b. Other equity			13	76,971.64
	Total Equity				**78,761.62**
	Non-current liabilities				
	a.	Financial liabilities:			
		(i)	Borrowings	14.1	7,404.56
	b.	Provisions		15	-
	c.	Deferred tax liabilities (net)		16	2,294.34
	Total non-current liabilities				**9,698.90**
	Current liabilities				
	a.	Financial liabilities			
		(i)	Borrowings	14.2	16,630.66
		(ii)	Trade payables	17	
			Total outstanding dues of micro enterprises and small enterprises		533.08
			Total outstanding dues of creditors other than micro enterprises and small enterprises		3,890.04
		(iii)	Other financial liabilities	18	1,838.82
	b.	Other current liabilities		19	520.73
	c.	Provisions		15	266.95
	d.	Liabilities for current tax (net)			609.08
	Total current liabilities				**24,289.36**
	Total liabilities				**33,988.26**
	TOTAL EQUITY AND LIABILITIES				**1,12,749.88**
	Summary of Significant accounting policies			2	

The accompanying notes referred to above form an integral part of the consolidated financial statements

As per 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

Place: Ludhiana
Date: 06th September, 2022

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

Pankaj Kumar Goyal
Chief financial officer
Membership No. 500683

Bindu Garg
Company Secretary
Membership No. 6997

Place: Ludhiana
Date: 06th September, 2022

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED 31ST MARCH, 2022

(All amount in Lacs, unless otherwise stated)

Particulars	Note No.	For the Year ended 31st March, 2022
INCOME		
Revenue		
Revenue from contracts with customers	20(i)	79,370.14
Other operating revenue	20(ii)	6,634.39
Total revenue from operations		**86,004.53**
Other Income	21	605.85
TOTAL INCOME		**86,610.38**
Expenses		
(a) Cost of raw materials and components consumed	22	43,584.70
(b) (Increase)/ decrease in inventories of finished goods, work-in-progress	23	(4,745.44)
(c) Employee benefits expense	24	6,953.72
(d) Finance costs	25	715.87
(e) Depreciation and amortisation expense	26	3,774.18
(f) Other expenses	27	17,122.97
TOTAL EXPENSES		**67,406.00**
Share of net profit of Joint venture	43	0.47
PROFIT BEFORE TAX		**19,204.85**
Tax expense:		
a) Current tax	16	4,691.64
b) Adjustments of tax relating to earlier periods	16	17.48
c) Deferred tax	16	267.24
TOTAL INCOME TAX EXPENSE		**4,976.36**
PROFIT FOR THE YEAR		**14,228.49**
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		43.45
(b) Income tax effect on (a) above		10.94
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		**32.51**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		**14,261.00**
Earnings per share: (In ₹) (Nominal value ₹ 2/- per share)		
(i) Basic	28	15.90
(ii) Diluted	28	15.90
Summary of Significant accounting policies	2	

The accompanying notes referred to above form an integral part of the consolidated financial statements

As per 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

Place: Ludhiana
Date: 06th September, 2022

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

Pankaj Kumar Goyal
Chief financial officer
Membership No. 500683

Bindu Garg
Company Secretary
Membership No. 6997

Place: Ludhiana
Date: 06th September, 2022

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31ST MARCH, 2022

(All amount in Lacs, unless otherwise stated)

A. EQUITY SHARE CAPITAL (REFER NOTE 12)

Particulars	31st March, 2022
Balance as at the beginning of the year	894.99
Bonus issue during the year	894.99
Balance as at the end of the year	**1,789.98**

B. OTHER EQUITY (REFER NOTE 13)

Particulars	Securities Premium	Retained Earnings	General reserves	Total other equity
As at 01st April, 2021	21,633.04	41,987.61	-	63,620.65
Profit for the year (a)	-	14,228.49	-	14,228.49
Other comprehensive income (b)	-	32.52	-	32.52
Total comprehensive income for the year (a+b)	**-**	**14,261.02**	**-**	**14,261.02**
Transfer to General reserves		(894.99)	894.99	-
Issuance of bonus shares from General reserves	-	-	(894.99)	(894.99)
Expenses incurred on increase in Authorised share capital	(15.02)	-	-	(15.02)
As at 31st March, 2022	**21,618.02**	**55,353.64**	**-**	**76,971.65**

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

As per 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

Place: Ludhiana
Date: 06th September, 2022

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

Pankaj Kumar Goyal
Chief financial officer
Membership No. 500683

Bindu Garg
Company Secretary
Membership No. 6997

Place: Ludhiana
Date: 06th September, 2022

CONSOLIDATED STATEMENT OF CASH FLOW

FOR THE YEAR ENDED 31ST MARCH, 2022

(All amount in Lacs, unless otherwise stated)

Particulars	For the year ending 31st March, 2022
CASH FLOW FROM OPERATING ACTIVITIES	
Profit before tax	19,204.85
Adjustments to reconcile profit before tax to net cash flows	
Depreciation and amortisation expense	3,774.18
Share of net profit of joint venture	(0.47)
Fair value gain on financial instruments at fair value through profit and loss	(72.38)
Interest Income	(72.42)
Provision for doubtful debts	5.81
Unrealised foreign exchange gain (net)	(331.55)
Finance costs	715.87
Operating profit before working capital changes	**23,223.89**
Working capital adjustments:	
(increase)/decrease in inventories	(6,241.64)
(increase)/decrease in trade receivables	(5,566.93)
(increase)/decrease in other financial assets	(200.37)
Decrease/(increase) in other assets	548.95
(Increase)/decrease in long term provisions	(332.89)
increase/(decrease) in trade payables	629.74
increase/(decrease) in other financial current liabilities	1,260.69
increase/(decrease) in other current liabilities	63.76
increase/(decrease) in short term provisions	77.11
Cash generated from operations	**13,462.31**
Income tax paid (net of refund)	4,293.93
Cash flow from operating activities (A)	**9,168.38**
Cash flow from Investing activities	
Payment for property ,plant and equipment (including capital work in progress and capital advance)	(20,223.22)
(Purchase)/sale of current investment (net)	-
Investment in Joint Venture	(41.20)
Proceeds /(Investment) in term deposit	2,345.62
Interest received (finance income)	211.81
Net cash flow used in investing activities (B)	**(17,706.99)**
Cash flow from financing activities	
Availment of long-term borrowings	5,129.69
Repayment of long-term borrowings	(365.16)
Expense Incurred on increase in authorised share capital	(15.02)
Availment/(Repayment) of short-term borrowing (net)	4,260.40
Availment/(Repayment) of Loan to directors (net)	(78.73)
Finance cost	(679.23)

CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE YEAR ENDED 31ST MARCH, 2022 (Contd.)

(All amount in Lacs, unless otherwise stated)

Particulars	For the year ending 31st March, 2022
Net cash flow from financing activities (C)	**8,251.95**
Net (decrease)/Increase in cash and cash equivalents (A+B+C)	**(286.68)**
Cash and cash equivalents at the beginning of the year	288.70
Cash and cash equivalents as at year end	**2.02**
Cash and cash equivalents comprise of the following:	
Components of cash and cash equivalent	
Cash on hand	2.02
Balances with banks	-
Cash and cash equivalent as at year end	**2.02**

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.

As per 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

Place: Ludhiana
Date: 06th September, 2022

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

Pankaj Kumar Goyal
Chief financial officer
Membership No. 500683

Bindu Garg
Company Secretary
Membership No. 6997

Place: Ludhiana
Date: 06th September, 2022

NOTES TO CONSOLIDATED FINANCIAL STATEMENT

FOR THE YEAR ENDED 31ST MARCH, 2022

SIGNIFICANT ACCOUNTING POLICIES

1. CORPORATE INFORMATION:

The consolidated financial statements comprise financial statements of Happy forging Limited (the Company) and its joint venture for the year ended 31 March 2022. 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 September 06, 2022.

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 ₹ and all values are rounded to the nearest Lacs (₹ 00,000), except when otherwise indicated.

(ii) Basis of consolidation

The consolidated financial statements comprise financial statements of Happy forging Limited (the Company) and is joint venture i.e Linchpin Technologies Private Limited for the year ended 31 March 2022. The Company has made investment in the joint venture w.e.f January 08, 2022. The Company's investments in its joint venture is accounted for using the equity method. Under the equity method, the investment in an joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Company's share of net assets of the joint venture from the date of acquisition.

(iii) 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.

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.

(iv) Investment in Associate / Joint Venture

An associate is an entity over which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The considerations made in determining whether significant influence are similar to those necessary to determine control over the subsidiaries.

The Company's investments in its associate/joint venture are accounted for using the equity method. Under the equity method, the investment in an associate/joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Company's share of net assets of the associate since the acquisition date. Goodwill relating to the associate/joint venture is included in the carrying amount of the investment and is not tested for impairment individually.

The statement of profit and loss reflects the Company's share of the results of operations of the associate/ joint venture. Any change in OCI of those investees is presented as part of the Company's OCI. In addition, when there has been a change recognised directly in the equity of the associate, the Company recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Company and the associate / joint venture are eliminated to the extent of the interest in the associate / joint venture.

If an entity's share of losses of an associate/joint venture equals or exceeds its interest in the associate/ joint venture (which includes any long-term interest that, in substance, form part of the Group's net investment in the associate/joint venture), the entity discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate/joint venture. If the associate/joint venture subsequently reports profits, the entity resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

The aggregate of the Group's share of profit or loss of an associate/joint venture is shown on the face of the statement of profit and loss outside operating profit.

The financial statements of the associate/joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate/joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate/joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate/joint venture and its carrying value, and then recognises the loss as 'Share of profit of an associate/joint venture' in the statement of profit and loss.

Upon loss of significant influence over the associate/ joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate/joint venture upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

(v) 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 and its joint venture 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).

NOTES TO CONSOLIDATED FINANCIAL STATEMENT
FOR THE YEAR ENDED 31ST MARCH, 2022 (Contd.)

2B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

(i) Revenue from contract with customer

Revenue from contracts with customers is recognised 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 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 recognised 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 and its joint venture 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 and its joint venture 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 recognised 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 and its joint venture 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 and its joint venture 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 recognised 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 recognised as and when the significant risks and rewards of ownership of dies are transferred to the customers as per the terms of the contract.

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 recognised when the right to receive payment is established, which is generally when shareholders approve the same.

Interest Income: Interest Income is recognised 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 recognised 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 the grant relates to incentives under "Invest Punjab Scheme", It is accounted as income as a systematic basis over the period that the related costs, for which it is intended to compensate are incurred. These incentives are accrued as income once the relevant approval of the relevant authority is received and there is a reasonable assurance that the grant will be received.

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.

(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 realisable 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 realisable value.

Net realisable 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 capitalised 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 recognised 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 recognised in profit or loss as incurred.

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 and its joint venture, 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 recognised is derecognised 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 derecognised.

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 and its joint venture 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 and its joint venture 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.

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.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENT
FOR THE YEAR ENDED 31ST MARCH, 2022 (Contd.)

a. **Financial Assets at amortised 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 and its joint venture 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 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 amortised 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 and its joint venture follows 'simplified approach' for recognition of impairment loss allowance on trade receivables.

The application of simplified approach does not require the Company and its joint venture to track changes in credit risk. Rather, it recognises 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 and its joint venture 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 recognising 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 and its joint venture 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 and its joint venture 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 analysed.

ECL impairment loss allowance (or reversal) recognised during the period is recognised 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 amortised 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 and its joint venture does not reduce impairment allowance from the gross carrying amount.

- Debt instruments measured at FVTOCI:

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 and its joint venture 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.

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The Company and its joint venture 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 and its joint venture 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 and its joint venture 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 and its joint venture has transferred substantially all the risks and rewards of the asset, or

  b) The Company and its joint venture has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company and its joint venture 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 and its joint venture continues to recognise the transferred asset to the extent of the Company's and its joint venture continuing involvement. In that case, the Company and its joint venture also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company and its joint venture has retained.

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 and its joint venture 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 recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Company's and its joint venture 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 and its joint venture 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 recognised 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 and its joint venture 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 recognised 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 and its joint venture has not designated any financial liability as at fair value through profit or loss.

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

This is the category most relevant to the Company and its joint venture. 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

Reclassification of financial assets

The Company and its joint venture 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 and its joint venture's senior management determines change in the business model as a result of external or internal changes which are significant to the Company's and its joint venture'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 and its joint venture 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 and its joint venture 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 amortised 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 recognised 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.

(ix) Derivative Financial Instruments

Initial recognition and subsequent measurement

The Company and its joint venture 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 and its joint venture 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.

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 recognised 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.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENT
FOR THE YEAR ENDED 31ST MARCH, 2022 (Contd.)

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 and its joint venture 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 and its joint venture 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 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 utilised, 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 and its joint venture 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.

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 and its joint venture 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 capitalised 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 and its joint venture 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 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENT
FOR THE YEAR ENDED 31ST MARCH, 2022 (Contd.)

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 and its joint venture 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.

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 and its joint venture 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 and its joint venture 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)

(xix) Leases

The Company and its joint venture 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 and its joint venture applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company and its joint venture 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 and its joint venture 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 and its joint venture 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 and its joint venture 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 and its joint venture 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 and its joint venture'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 and its joint venture 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 and its joint venture. Such changes are reflected in the assumptions when they occur.

NOTES TO CONSOLIDATED FINANCIAL STATEMENT
FOR THE YEAR ENDED 31ST MARCH, 2022 (Contd.)

a. Useful life of property, plant and equipment and intangible assets

The Company and its joint venture 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.

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

c. Contingencies

The Company and its joint venture 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 33.

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. NEW AMENDMENTS ISSUED BUT NOT YET EFFECTIVE

The Ministry of Corporate affairs has vide notification dated 23rd March, 2022 notified Companies (Indian Accounting standards) Amendment Rules, 2022 which amends certain accounting standards are effective from 1st April, 2022. These amendments are not expected to have a material impact on the Company in the current or future reporting periods and on foreseeable future transactions. Below is a summary of such amendments:

Ind AS 16, Property, Plant and Equipment	Proceeds before intended use of Property, Plant and equipment. The amendment clarifies that an entity shall deduct from the cost of an item of property, plant and equipment, any proceeds received from selling items produced while the entity is preparing the asset for its intended use (for example, the proceeds from selling samples produced when testing a machine to see if it is functioning properly).
Ind AS 37, Provisions, Contingent Liabilities and Contingent Assets	Onerous Contracts - Cost of fulfilling a contract The amendment explains that the cost of fulfilling a contract comprises of the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling contracts.
Ind AS 103, Business combinations	References to the conceptual framework The amendment adds a new exception in Ind AS 103 for liabilities and contingent liabilities.
Ind AS 109, Financial Instruments	Fees included in the 10% test for derecognition of financial liabilities. The amendment clarifies which fees an entity includes when it applies the *10% test in assessing whether to derecognise a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.
Ind AS 101, First-time adoption	Subsidiary as a first-time adopter Simplifies the application of Ind AS 101 by a subsidiary that becomes a first-time adopter after its parent in relation to the measurement of cumulative translation differences.
Ind AS 41, Agriculture	Taxation in fair value measurements The amendment removes the requirement in Ind AS 41 for entities to exclude cash flows for taxation when measuring fair value. This aligns the fair value measurement in Ind AS 41 with the requirements of Ind AS 113, Fair Value Measurement.

NOTES TO CONSOLIDATED FINANCIAL STATEMENT
FOR THE YEAR ENDED 31ST MARCH, 2022 (Contd.)

All amount in ₹ Lacs, unless otherwise stated)

3. PROPERTY, PLANT AND EQUIPMENT AND CAPITAL WORK IN PROGRESS

Particulars	Freehold Land	Buildings	Plant & equipment	Furniture & fixture	Vehicles	Office equipment's	Computers	Electrical Fittings & equipment	Total	CWIP
Cost										
At 01st April, 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**
Additions	1,911.05	365.31	4,909.97	122.45	171.73	31.76	33.89	212.87	7,759.03	21,353.98
Transfers	-	-	-	-	-	-	-	-	-	(4,070.66)
Disposals	-	-	-	-	-	-	-	-	-	-
At 31st March, 2022	**4,775.11**	**6,459.07**	**44,702.62**	**332.94**	**765.63**	**235.74**	**82.48**	**1,038.88**	**58,392.48**	**21,225.50**
Depreciation										
At 01st April, 2021	**-**	**303.63**	**8,293.39**	**63.64**	**228.84**	**99.41**	**23.46**	**168.99**	**9,181.37**	**-**
Depreciation charge for the year	-	236.41	3,256.60	30.62	81.63	41.73	16.14	84.72	3,747.85	-
Disposals	-	-	-	-	-	-	-	-	-	-
At 31st March, 2022	**-**	**540.04**	**11,549.99**	**94.26**	**310.47**	**141.14**	**39.60**	**253.71**	**12,929.22**	**-**
Net book value										
At 31st March, 2022	**4,775.11**	**5,919.03**	**33,152.63**	**238.68**	**455.16**	**94.60**	**42.88**	**785.17**	**45,463.26**	**21,225.50**

Note 1: Refer to note 14 for information on property plant and equipment pledged as security by the Company.

Note 2: The title deeds of all the immovable properties (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) are held in the name of the Company.

Note 3 : Asset held for sale includes Property, plant and equipment amounting to ₹ 61.71 Lacs valued at lower of cost or net market value.

Note 4: The Company has not revalued any property, plant and equipment during the year.

3A. CAPITAL WORK-IN-PROGRESS (CWIP) AGEING SCHEDULE

(All amount in Lacs, unless otherwise stated)

As at 31st March, 2022

Particulars	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
i) Projects in progress	18,777.61	1,422.91	295.83	459.68	20,956.03
ii) Projects temporarily suspended	-	-	-	269.47	269.47
Total	**18,777.61**	**1,422.91**	**295.83**	**729.15**	**21,225.50**

Capital work in progress as at 31st March, 2022 mainly comprise plant & machinery, building and others. The Company has capitalised preoperative expense of ₹ 486.54 Lacs to the cost of Property, plant and equipment/Capital work in progress (CWIP) - Refer note 27(b).

Ageing of Overdue Project

As at 31st March, 2022

Particulars	To be completed in				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
i) Project 1	269.47	-	-	-	269.47
Total	**269.47**	**-**	**-**	**-**	**269.47**

Overdue project is related to 'Robot Gripper Up & Down Receiving Table' which had been delayed due to covid restrictions. These projects are overdue in terms of time only and not in terms of cost and this is expected to be capitalised in financial year 2022-23.

NOTES TO CONSOLIDATED FINANCIAL STATEMENT
FOR THE YEAR ENDED 31ST MARCH, 2022 (Contd.)

4. INTANGIBLE ASSETS

(All amount in Lacs, unless otherwise stated)

Particulars	Intangible Assets (Computer Software)	Intangible assets under development
Cost		
At 01st April, 2021	**20.87**	**95.14**
Additions	169.01	-
Capitalisation	-	(95.14)
At 31st March, 2022	**189.88**	**-**
Depreciation and amortisation		
At 31st March, 2021	**7.74**	**-**
Amortisation charge for the year	26.33	-
At 31st March, 2022	**34.07**	**-**
Net book value		
At 31st March, 2022	**155.81**	**-**

Note: The Company has not revalued any intangible assets during the year.

4A. INTANGIBLE ASSET UNDER DEVELOPMENT AGEING SCHEDULE

(All amount in Lacs, unless otherwise stated)

As at 31st March, 2022

Particulars	Amount in Intangible asset under development for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
i) Projects in progress	-	-	-	-	-
ii) Projects temporarily suspended	-	-	-	-	-

Note:

No project under intangible assets under development which were suspended as at 31st March, 2022. Also, no project are overdue in terms of time and cost as per original plans.

5. INVESTMENTS IN JOINT VENTURE

(All amount in Lacs, unless otherwise stated)

Particulars	As at 31st March, 2022
At cost	
Unquoted equity instruments	
M/s Linchpin Technologies Private Limited 3,29,175 equity shares of ₹ 10/- each fully paid up	41.67
Total	**41.67**

The Company entered into a Joint Venture agreement with 'VVDN Technologies Private Limited', and acquired 33% shareholding through 3,29,175 equity shares at ₹ 12.52 per share of M/s Linchpin Technologies Private Limited.

NOTES TO CONSOLIDATED FINANCIAL STATEMENT
FOR THE YEAR ENDED 31ST MARCH, 2022 (Contd.)

6. OTHER FINANCIAL ASSETS

(All amount in Lacs, unless otherwise stated)

Non-current

Particulars	As at 31st March, 2022
Security deposits	746.68
Total	**746.68**

Current

Particulars	As at 31st March, 2022
Interest receivable on electricity deposits	27.17
Interest receivable on term deposits	4.08
Loan to employees	20.09
Derivative instruments at fair value through profit or loss (note 37)	72.38
Export benefits recoverable (Duty drawback)	28.40
Others recoverables	180.96
Total	**333.08**

Refer note 36 on Financial instruments for determination of fair value.

Break up of financial assets carried at amortised cost

Particulars	As at 31st March, 2022
Security deposits (Refer note 6)	746.68
Trade receivables (Refer note 9)	22,203.58
Cash and cash equivalents (Refer note 10)	2.02
Bank balance other than above (Refer note 11)	143.96
Interest receivable on electricity deposits (Refer note 6)	27.17
Interest receivable on term deposits (Refer note 6)	4.08
Loan to employees (Refer note 6)	20.09
Export benefits recoverable (Duty drawback) (Refer note 6)	28.40
Others recoverables (Refer note 6)	180.96
Total	**23,356.94**

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

Particulars	As at 31st March, 2022
Derivatives financial Instruments at fair value through profit or loss Refer note 6)	72.38
Total	**72.38**

7. OTHER ASSETS

(All amount in Lacs, unless otherwise stated)

Non-current

Particulars	As at 31st March, 2022
Capital advances	2,730.44
Prepaid expenses	47.91
Balances with government authorities	16.86
Total	**2,795.21**

Current

Particulars	As at 31st March, 2022
Balances with government authorities	366.67
Net balance paid under protest (Refer Note Below)	25.70
Export benefits recoverable (MEIS/RoDTEP*)	40.02
Advance to suppliers	220.93
Prepaid expenses	366.47
Electricity duty receivable	159.26
Total	**1,179.05**

* 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 01st January, 2021 vide notification 19/2015-2020 dated 17th August, 2021, accordingly export benefits has been accounted for as per new scheme w.e.f. 01st January, 2021. There are no unfulfilled conditions or other contingencies attached to the said Government grants.

Note: Net balance paid under protest (also refer note 15)

Particulars	As at 31st March, 2022
Balance paid under protest	358.59
Less: Provision for amount paid under protest	(332.89)
Net Balance	**25.70**

8. INVENTORIES

(All amount in Lacs, unless otherwise stated)

Particulars	As at 31st March, 2022
Raw materials and components (includes stock in transit) at cost	7,251.67
Work-in-progress at cost	5,914.86
Finished goods (Including stock in transit) (at lower of cost and net realised value)	4,577.50
Stores and spares	654.32
Total inventories at the lower of cost and net realisable value	**18,398.35**

Inventory include inventory in transit of:

Particulars	As at 31st March, 2022
Raw material	-
Finished goods	37.33
Total	**37.33**

NOTES TO CONSOLIDATED FINANCIAL STATEMENT
FOR THE YEAR ENDED 31ST MARCH, 2022 (Contd.)

9. TRADE RECEIVABLES

(All amount in Lacs, unless otherwise stated)

Particulars	As at 31st March, 2022
Trade receivables	22,201.60
Receivables from other related parties (Refer note 35)	1.98
Total Trade Receivables	**22,203.58**
Break-up for security details:	
(a) Gross Trade receivables	
Secured, considered good	740.30
Unsecured, considered good	21,302.60
Trade Receivables which have significant increase in credit risk	160.69
Trade Receivables-credit impaired	148.81
Total gross trade receivables (a)	**22,352.39**
(b) Impairment allowance (allowance for bad and doubtful debts)	
Unsecured, considered good	-
Trade receivables – which have significant increase in credit risk	-
Trade Receivables-credit impaired	(148.81)
Total Impairment allowance (b)	**(148.81)**
Net Trade receivables (a+b)	**22,203.58**

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 35.

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 14 for information on trade receivables pledged as security by the Company.

9A.

(All amount in Lacs, unless otherwise stated)

Trade receivables ageing as at 31st March, 2022

Particulars	Unbillled Receivable	Current but not due	Outstanding for following periods from due date of payment					Total
			Less than 6 Months	6 months – 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed Trade Receivables – considered good	503.20	16,905.02	4,634.67	-	-	-	-	**22,042.89**
Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	118.19	37.34	0.23	4.93	**160.69**
Undisputed Trade receivable – credit impaired	-	-	-	13.13	37.39	4.32	7.98	**62.82**
Disputed Trade receivables - considered good	-	-	-	-	-	-	-	**-**
Disputed Trade receivables – which have significant increase in credit risk	-	-	-	-	-	-	-	**-**
Disputed Trade receivables – credit impaired	-	-	-	-	-	-	85.99	**85.99**
Total	**503.20**	**16,905.02**	**4,634.67**	**131.32**	**74.73**	**4.55**	**98.90**	**22,352.39**

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

Particulars	As at 31st March, 2022
Receivables discounted from bank	3,543.28
Borrowing facility availed said receivables (Refer note 14)	3,543.28

NOTES TO CONSOLIDATED FINANCIAL STATEMENT
FOR THE YEAR ENDED 31ST MARCH, 2022 (Contd.)

10. CASH AND CASH EQUIVALENTS

(All amount in Lacs, unless otherwise stated)

Particulars	As at 31st March, 2022
Balance with banks :	
On current accounts	-
Deposits with original maturity of less than three months	-
Cash on hand	2.02
Total	**2.02**

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.

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

Particulars	As at 31st March, 2022
Balance with banks:	
-On current account	-
-Deposits with original maturity of less than three months	-
Cash on hand	2.02
Less: Bank overdraft	-
Total	**2.02**

11. OTHER BANK BALANCES

(All amount in Lacs, unless otherwise stated)

Particulars	As at 31st March, 2022
Deposits with maturity more than three months but less than twelve months	102.55
Balance in Corporate Social Responsibility (CSR) account	41.41
Total	**143.96**

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 ₹17.47 Lacs as margin money against issuance of letter of credit/bank guarantee/overdraft limits.

12. EQUITY SHARE CAPITAL

(All amount in Lacs, unless otherwise stated)

Particulars	As at 31st March, 2022
Authorised	
150,000,000 equity shares of ₹ 2/- each	3,000.00
Issued, subscribed and fully paid-up	
8,94,99,000 equity shares of ₹ 2/- each	1,789.98

a) Reconciliation of the number of shares:

(All amount in Lacs, unless otherwise stated)

Equity shares*	No of shares	Amount (In ₹ Lacs)
As at 01st April, 2021 (Equity share of ₹ 100/- each)	**8,94,990**	**894.99**
Sub-division of ₹ 100/- to ₹ 2/- face value per share during the year	4,47,49,500	-
Bonus shares issued during the year	4,47,49,500	894.99
As at 31st March, 2022	**8,94,99,000**	**1,789.98**

*During the Financial year 2021-22, the Company has increased authorised Capital from ₹ 1,000 Lacs to ₹ 3,000 Lacs divided into 1,500 Lacs shares of ₹ 2/- each. Further, the Company has sub divided its Equity Shares in the ratio of 50 Equity Shares of ₹ 2/- each for the 1 equity share of ₹ 100/- each. accordingly 44,749,500 total fully paid up equity shares of ₹ 2/- are replaced from existing 894,990 shares of ₹ 100/- each.

Subsequent to sub-division, the Company has issued 44,749,500 equity shares of face value ₹ 2/- each as bonus shares in the ratio of 1:1 to all the existing shareholders of the Company. Consequent upon such bonus issue, the paid up capital of the Company stands increased from ₹ 894.99 Lacs to ₹ 1,789.98 Lacs. (Also refer note 28)

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 ₹ 2/- per share(31st March, 2021 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 in their 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 2022	
	No of shares	%
Sh. Paritosh Kumar Garg	3,56,60,600	39.84%
Smt. Suman Garg	88,87,900	9.93%
Sh. Ashish Garg	1,29,46,200	14.47%
Sh. Paritosh K. Garg (HUF)	56,07,700	6.27%
Ayush Capital and Financial Services Private Limited	1,07,45,100	12.01%
Vistra ITCL (India) Limited	1,05,29,000	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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENT
FOR THE YEAR ENDED 31ST MARCH, 2022 (Contd.)

d) Details of shareholding by Promoters' the Company

(All amount in Lacs, unless otherwise stated)

Name of Shareholder	As at March 2022		% change during the year
	No of shares	%	
Sh. Paritosh Kumar Garg	3,56,60,600	39.84%	-
Smt. Suman Garg	88,87,900	9.93%	-
Sh. Ashish Garg	1,29,46,200	14.47%	-
Smt. Megha Garg	24,19,900	2.70%	-
Ms. Sheena Gupta	24,38,000	2.72%	-
Sh. Paritosh K. Garg (HUF)	56,07,700	6.27%	-
Ashish Garg & Sons (HUF)	2,54,200	0.28%	
Ayush Capital and Financial Services Private Limited	1,07,45,100	12.01%	-

13. OTHER EQUITY

(All amount in Lacs, unless otherwise stated)

Particulars	As at 31st March, 2022
Securities Premium	
Opening balance	21,633.04
Add: Change during the year	(15.02)
Closing balance (a)	**21,618.02**
Retained earnings	
Opening balance	41,987.61
Add: Profit for the year	14,228.49
Add: Other Comprehensive Income (OCI)	32.51
Less : Transfer to General reserve	(894.99)
Closing balance (b)	**55,353.62**
General Reserve(Refer Note 12)	
Opening balance	-
Add: Transfer from Retained earnings	894.99
Less : Bonus issuance from general reserve	(894.99)
Closing balance (c)	-
Total (a+b+c)	**76,971.64**

(a) Securities 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.

14. BORROWINGS

14.1 Non Current

(All amount in Lacs, unless otherwise stated)

Particulars	As at 31st March, 2022
Secured	
Term Loans	
-Indian rupee loan from banks	3,005.86
-Indian rupee loan from banks (Vehicle Loan)	11.89
-Foreign currency term loan	4,853.56
	7,871.31
Less : Current maturity of long term loans*	
-Indian rupee from banks	(466.75)
Total	**7,404.56**

*Disclosed under current secured borrowings (Refer Note 14.2)

14.2 Current

Particulars	As at 31st March, 2022
Secured	
-Indian rupee loan from bank	10,424.03
Current maturity of term loans:	
-Indian rupee loan from banks	466.75
Unsecured	
- Bill discounting	3,543.28
- Indian rupee loan from bank	1,996.60
- Loan from directors (refer note 35)	200.00
Total	**16,630.66**

14.3 Summary of security and unsecured loans as follows:

Particulars	As at 31st March, 2022
Secured Long term Borrowings	7,404.56
Secured Short term Borrowings	10,890.78
Unsecured Short term Borrowings	5,739.88
Total Borrowings	**24,035.22**

Facility Category	As at 31st March, 2022
Secured Term Loan (Refer note 1 & 2 below)	7,871.31
Cash Credit & Working capital demand loan (Refer note 3 below)	10,424.03
Unsecured Bill discounting (Refer note 4 below)	3,543.28
Unsecured Loan from Bank (Refer note 5 below)	1,996.60
Unsecured Loan from Director (Refer note 5 below)	200.00
Total	**24,035.22**

NOTES TO CONSOLIDATED FINANCIAL STATEMENT
FOR THE YEAR ENDED 31ST MARCH, 2022 (Contd.)

Security, repayment & pricing details

Note Ref.	Nature	Bank Name	Balance outstanding	Interest rate	Terms of Repayment	Security Details
1	Term Loan	ICICI Bank	₹ 1,423.80 Lacs	7.00-7.75%	16 Quarterly Instalments of ₹ 54 Lacs, 81 Lacs, 108 Lacs, 112.95 Lacs - 4 times each. Instalment starting from Jun 22 and last instalment due in Mar 26	Second pari passu charge over entire current assets of the Borrower, both present and future; First pari passu charge over all movable fixed assets of the Borrower, both present and future First pari passu charge by way of Equitable mortgage over Land and Building situated at -Village Kanganwal, PO Jugiana, Teh & Distt. Ludhiana and -Kanganwal Road, Opp. Garg Furnace, PO Office Jugiana, Ludhiana. Unconditional and Irrevocable personal guarantee of Promoter Directors.
1	Term Loan	Yes Bank	₹ 1,582.06 Lacs	6.95-7.70%	16 Quarterly Instalments of ₹ 59.71 Lacs, 89.54 Lacs, 119.43 Lacs, 126.86 Lacs -4 times each. Instalment starting from Jun 22 and last instalment due in Mar 26	-Second Pari Passu charge on entire current assets of the borrower, both present & future; -First Pari Passu charge on all movable fixed assets of the borrower, both present & future; -First pari passu charge on immovable fixed assets (Land & Building) situated at (a) Village Kanganwal, PO Jugiana, Teh & Distt. Ludhiana and (b) Kanganwal Road, Pop Garg Furnace, PO Office Jugiana, Ludhiana. -Unconditional and Irrevocable personal guarantee of Promoter Directors.
1	"Foreign currency loan (Reimbursement authorisation Financing arrangement)"	Yes Bank and Bank of Baroda, Mauritius	₹ 4,853.56 Lacs	0.98%	Repayable from sanctioned term loan* of ₹ 60 Crores from Yes Bank by 30th June, 2023. *Term Loan from Yes bank of ₹ 60 Crores payable in 20 Quarterly installments of ₹ 3 Crores each starting from 31st July, 2022.	Second Pari Passu charge on entire current assets of the borrower, both present & future; -First Pari Passu charge on all movable fixed assets of the borrower, both present & future; -First pari passu charge on immovable fixed assets (Land & Building) situated at- Village Dugri, Hadbast No. 220, Tehsil Payal, Distt. Ludhiana -Negative lien over the land where CLU is not available having area 4.83 acres. -Unconditional and Irrevocable personal guarantee of Promoter Directors.
2	3 Vehicle loan	HDFC Bank	₹ 11.89 Lacs	8.02%, 9.01%, 9.76%	Repayable in monthly instalment with last instalment due in Oct-22.	-Secured by the exclusive charge on the asset financed by the banks

NOTES TO CONSOLIDATED FINANCIAL STATEMENT
FOR THE YEAR ENDED 31ST MARCH, 2022 (Contd.)

Note Ref.	Nature	Bank Name	Balance outstanding	Interest rate	Terms of Repayment	Security Details
3	Cash Credit, Working capital demand loan & Overdraft limit	HDFC Bank	₹ 4,076.20 Lacs	5.25-7.20%	Repayable within cash credit limit from 30 days to 180 days	First pari passu charge over entire current assets of the Borrower, both present and future Second pari passu charge over all movable fixed assets of the Borrower, both present and future Second pari passu charge on immovable property of the borrower at Kanganwal and Dugri plants Unconditional and Irrevocable personal guarantee of Promoter Directors.
3	Cash Credit, Working capital demand loan & Overdraft limit	ICICI Bank	₹ 1,782.99 Lacs	5.15-7.95%	Repayable within cash credit limit from 30 days to 180 days	
3	Cash Credit, Working capital demand loan & Overdraft limit	Yes Bank	₹ 4,564.84 Lacs	4.96%-7.35%	Repayable within cash credit limit from 30 days to 180 days	
4	Bill Discounting	Kotak Mahindra Bank	₹ 2,802.98 Lacs	As mutually agreed at the time of facility disbursement	On due date basis the credit days to customers ranging from 60 to 120 days	Personal Guarantee of Mr. Paritosh Garg, Mr. Ashish Garg, Ms. Suman Garg.
4	Bill Discounting	ICICI Bank	₹ 740.30 Lacs	4.45% - 6.50%	On due date basis the credit days to customers ranging from 60 to 120 days	Personal Guarantee of Mr. Paritosh Garg, Mr. Ashish Garg, Ms. Suman Garg.
4	Bill Discounting	HDFC Bank	₹ Nil	As mutually agreed at the time of facility disbursement	On due date basis the credit days to customers ranging from 60 to 120 days	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.
5	Unsecured loan	Loan from Directors	₹ 200.00 Lacs	9.00%	On demand	Not Applicable
5	Unsecured loan	Bajaj Finance	₹ 1,996.60 Lacs	5.90%	Repayment within 90 days of availing the facility.	Not Applicable

The Company has been sanctioned working capital limits in excess of ₹ five Crores in aggregate from banks during the year on the basis of security of current assets of the Company. The quarterly returns/statements filed by the Company with such banks are in agreement with the books of accounts of the Company.

NOTES TO CONSOLIDATED FINANCIAL STATEMENT
FOR THE YEAR ENDED 31ST MARCH, 2022 (Contd.)

15. PROVISIONS

Current provision

Particulars	As at 31st March, 2022
Current	
Provisions for employees benefits	
Provision for gratuity (Refer note 33)	117.61
Provision for compensated absences	149.34
Total	**266.95**

Provision for contingencies or litigation relates to excise, entry tax 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:

Provision for compensated absences	As at 31st March, 2022
Opening balance	103.36
Additions during the year	45.98
Payments made during the year	-
Closing balance	**149.34**

Provision for gratuity	As at 31st March, 2022
Opening balance	86.48
Additions during the year	117.61
Payments made during the year	(86.48)
Closing balance	**117.61**

16. INCOME TAX & DEFERRED TAX LIABILITIES

The major components of income tax expense for the year ended 31st March, 2022 are as follows:

(All amount in Lacs, unless otherwise stated)

Particulars	As at 31st March, 2022
Current income tax	
Current income tax charge	4,630.57
Interest on income tax	61.07
Adjustments in respect of income tax of earlier years	17.48
Deferred tax	
Relating to origination and reversal of temporary differences (for current year)	267.24
Income tax expense reported in the Statement of profit and loss	**4,976.36**
OCI	
Deferred tax on items recognised in OCI On remeasurement of defined benefit plans	10.94
Total Tax	**4,987.30**

Reconciliation of tax expense and the accounting profit at domestic tax rate for 31st March, 2022

(All amount in Lacs, unless otherwise stated)

Particulars	As at 31st March, 2022
Accounting profit before tax	19,204.85
At India's statutory income tax rate of 25.168 %	4,833.48
Adjustment of tax relating ot earlier periods	17.48
Non deductible expenses for tax purpose	
Disallowances	67.26
Interest on income tax	61.07
Others	(2.93)
Reported income tax expenses	**4,976.36**
Effective tax rate	**25.91%**

Deferred tax assets/(Deferred tax liabilities)

Deferred tax relates to the following	Balance sheet	Statement of profit and loss
Impact of timing difference between tax	**31st March, 2022**	**For the Year ended 31st March, 2022**
- Impact of difference between tax depreciation/amortisation and depreciation/ amortisation as per Companies Act	(2,525.07)	309.38
- Impact of Mark to market income as per IND-AS	(7.65)	1.43
- Impact of exchange rate difference on capital goods	(77.89)	77.89
- Provision for doubtful debts/advances	81.43	(1.46)
- Provision for litigations	83.78	-
- Expenses allowed on payment basis (43B items)	92.01	(84.01)
- Others	59.04	(25.04)
Net Deferred tax assets/(Deferred tax liabilities)	**(2,294.34)**	**278.18**

NOTES TO CONSOLIDATED FINANCIAL STATEMENT
FOR THE YEAR ENDED 31ST MARCH, 2022 (Contd.)

Reflected in the balance sheet as follows:

Particulars	As at 31st March, 2022
At the beginning of the year	(2,016.16)
Tax expense/(income) for the period recognised in statement of profit and loss	(267.24)
Tax expense/(income) for the period recognised in OCI	(10.94)
Deferred Tax Assets/(Liabilities)-Net	**(2,294.34)**

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.

17. TRADE PAYABLES

(All amount in Lacs, unless otherwise stated)

Particulars	As at 31st March, 2022
Trade payables	
Total outstanding dues of micro enterprises and small enterprises (Refer note 30)	533.08
Total outstanding dues of creditors other than micro enterprises and small enterprises	3,877.92
Trade payable to related parties (Refer note 35)	12.12
Total	**4,423.12**

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 35.

Trade Payable ageing schedule

As at 31st March, 2022

Particulars	Unbilled	Not due	Outstanding for following periods from due date of payment				Total
			Less than 1 year	1-2 years	2-3 years	More than 3 years	
Total outstanding dues of micro enterprises and small enterprises	-	464.35	66.52	2.21	-	-	**533.08**
Total outstanding dues of creditors other than micro enterprises and small enterprises	1,149.51	387.38	2,340.10	3.99	8.75	0.32	**3,890.04**
Disputed dues of micro enterprises and small enterprises	-	-	-	-	-	-	**-**
Disputed dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-	-	**-**
Total	**1,149.51**	**851.72**	**2,406.62**	**6.20**	**8.75**	**0.32**	**4,423.12**

18. OTHER FINANCIAL LIABILITIES-CURRENT

(All amount in Lacs, unless otherwise stated)

Particulars	As at 31st March, 2022
Interest accrued but not due on borrowings	91.01
Interest on others	0.22
Capital creditors - Other than MSME	1,232.79
Capital creditors-micro enterprises and small enterprises	204.25
Other payables:	
-Employee dues payable	310.55
Total	**1,838.82**

19. OTHER CURRENT LIABILITIES

(All amount in Lacs, unless otherwise stated)

Particulars	As at 31st March, 2022
Advance from customers *	161.63
Statutory dues payable #	359.10
Total	**520.73**

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

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

20.1 REVENUE FROM CONTRACT WITH CUSTOMERS

(All amount in Lacs, unless otherwise stated)

Particulars	For the year ended 31st March, 2022
Sale of Products	
- Sale of finished goods	78,556.50
- Dye design and preparation charges	807.38
Sale of services	
-Job work charges	6.26
Total revenue from contract with customer (i) (Refer note 32)	**79,370.14**
Other operating revenues	
-Sale of Manufacturing scrap	6,439.09
- Export incentives	194.74
-Gain on sale of raw material	0.56
Total other operating revenue (ii)	**6,634.39**
Total (i+ii)	**86,004.53**

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

(All amount in Lacs, unless otherwise stated)

Particulars	For the year ended 31st March, 2022
Revenue as per contracted price	79,465.67
Adjustment for:	
Discount & Incentives as per contract/schemes	(95.53)
Revenue from contract with customers	**79,370.14**

NOTES TO CONSOLIDATED FINANCIAL STATEMENT
FOR THE YEAR ENDED 31ST MARCH, 2022 (Contd.)

20.3 Timing of revenue recognition

(All amount in Lacs, unless otherwise stated)

Particulars	For the year ended 31st March, 2022
Goods transferred at a point in time	79,363.88
Services transferred over time	6.26
Total revenue from contracts with customers	79,370.14

20.4 Performance obligation

Sales of Crankshafts and Motorvehicle parts

The performance obligation is satisfied upon delivery of the goods and payment is generally due within 30 to 180 days from delivery.

Sales of services

The performance obligation is satisfied over-time and payment is generally due upon completion and acceptance of the customer, which is generally due within 30 to 60 days.

21. OTHER INCOME

(All amount in Lacs, unless otherwise stated)

Particulars	For the year ended 31st March, 2022
Gain Foreign Exchange (net)	445.46
Fair value gain on financial instruments at fair value through profit or loss	72.38
Interest income from financial assets at amortised cost	
-on term deposits with bank	41.27
-on Electricity deposit	31.15
Miscellaneous income	15.59
Total	**605.85**

22. COST OF RAW MATERIAL AND COMPONENTS CONSUMED

(All amount in Lacs, unless otherwise stated)

Particulars	For the year ended 31st March, 2022
Inventory at the beginning of the year (Refer note 8) (a)	5,793.98
Purchases during the year (b)	45,362.61
Sales during the year (c)	320.22
Inventory at the end of the year (refer note 8) (d)	7,251.67
Total (a+b-c-d)	**43,584.70**

NOTES TO CONSOLIDATED FINANCIAL STATEMENT
FOR THE YEAR ENDED 31ST MARCH, 2022 (Contd.)

23. (INCREASE)/DECREASE IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROCESS

(All amount in Lacs, unless otherwise stated)

Particulars	For the year ended 31st March, 2022
Inventory at the beginning of the year (Refer note 8)	
-Finished Goods	2,725.91
-Work In progress	3,021.01
Sub Total (a)	**5,746.92**
Inventory at the end of the year (Refer note 8)	
-Finished Goods	4,577.50
-Work In progress	5,914.86
Sub Total (b)	**10,492.36**
(Increase)/ decrease in inventories of finished goods and work-in-progress (a-b)	**(4,745.44)**

24. EMPLOYEE BENEFITS EXPENSE (REFER NOTE 27(B))

(All amount in Lacs, unless otherwise stated)

Particulars	For the year ended 31st March, 2022
Salaries, wages and bonus	6,117.31
Contribution to provident fund and other funds/schemes	565.49
Gratuity (Refer note 33)	161.07
Staff welfare expenses	109.85
Total	**6,953.72**

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.

25. FINANCE COSTS (ALSO REFER NOTE 27(B))

(All amount in Lacs, unless otherwise stated)

Particulars	For the year ended 31st March, 2022
Interest expenses (At amortised Cost)	
- on borrowings**	445.17
- on others	0.22
Interest on bill discounting #	188.58
Other borrowing cost *	81.90
Total	**715.87**

**includes interest paid on restructuring of loan of ₹ Nil. Further, it include interest paid on 'loans from directors' of ₹ 23.76 Lacs

This is net of interest received from Governmnet of India under Interest Equalisation Scheme on Pre and Post Shipment Rupee Export Credit to eligible exporters.

* includes amortisation of processing charges and bank charges.

NOTES TO CONSOLIDATED FINANCIAL STATEMENT
FOR THE YEAR ENDED 31ST MARCH, 2022 (Contd.)

26. DEPRECIATION AND AMORTISATION EXPENSES

(All amount in Lacs, unless otherwise stated)

Particulars	For the year ended 31st March, 2022
Depreciation on property, plant & equipment (refer note 3)	3,747.85
Amortisation on intangible assets (refer note 4)	26.33
Total	**3,774.18**

27. OTHER EXPENSES

(All amount in Lacs, unless otherwise stated)

Particulars	For the year ended 31st March, 2022
Consumption of stores and spares	4,345.27
Power & fuel Expenses (net) #	6,765.42
Packing material	623.86
Job work charges	810.32
Rent expenses (refer note 31)	22.40
Rates and taxes	22.10
Repairs and maintenance:	
- Plant and machinery	1,615.61
- Building	27.66
- others	65.56
Travelling expenses	52.41
Advertisement and sales promotion expenses	29.61
Freight and forwarding charges	2,011.52
Director's sitting fees	5.50
Payment to Auditors (refer note. 27a)	53.96
Legal and professional fees	119.52
Provisions for doubtful receivables and advance	5.81
Provision for litigations	-
CSR expenditure (refer note 34)	265.93
Donation	1.58
Property, plant and equipment written off	-
Insurance	179.42
Miscellaneous expenses*	99.51
Total	**17,122.97**

* Does not include any item of expenditure with a value of more than 1% of the revenue from operations

Power and fuel expenses are net of ₹ 275.23 Lacs on account of electricity duty subsidy receivable from Government.

27A. PAYMENT TO AUDITORS

(All amount in Lacs, unless otherwise stated)

Particulars	For the year ended 31st March, 2022
As statutory auditors	
(i) Audit Fee	49.00
(ii) Certification charges	0.50
(iii) Reimbursement of expenses	4.46
Total	**53.96**

27B. CAPITALISATION OF EXPENDITURE

The Company has capitalised the following expenses of revenue nature to the cost of Property, plant and equipment/Capital work in progress (CWIP). Consequently, expenses disclosed under the respective notes are net of amounts capitalised by the Company.

(All amount in Lacs, unless otherwise stated)

Particulars	31st March, 2022
Interest on bank facilities (Specific borrowings)	42.52
Interest on bank facilities (General borrowings)	346.76
Salaries wages and bonus	97.26
Total	**486.54**

The Company started the development of a new 14000MT press line in the month of June 2021. The carrying amount of the 14000MT press line as at 31st March, 2022 was ₹ 14,006.61 Lacs which is clubbed under 'Capital work in progress'. This project is partially financed by specific borrowing under foreign currency loan i.e. 'Reimbursement authorisation Financing arrangement' and balance amount by general borrowings. Accordingly, the Company has capitalised ₹ 42.52 Lacs as specific borrowing cost and ₹ 346.76 Lacs as general borrowing cost. The rate used to determine the amount of borrowing costs eligible for capitalisation was 5.71%, which is the effective interest rate of the general borrowing. This project has been completed subsequenty in the month July'22

28. EARNINGS PER SHARE (EPS)

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

(All amount in Lacs, unless otherwise stated)

Particulars	31st March, 2022
(I) Net Profit attributable to equity shareholders of the Company	14,228.02
(II) Weighted average number of Equity shares for EPS	
-Basic (Face Value ₹ 2/- per share)	894.99
-Diluted (Face Value ₹ 2/- per share)	894.99
(III) Earning per equity share [nominal value of ₹ 2 per share] [(I)/(II)]	
-Basic	15.90
-Diluted	15.90

(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

(ii) Since the bonus shares issued during the year 2021-22 is without consideration, it is treated as if it had occurred before the beginning of earliest period presented and accordinly the earning per share of previous year has been restated. (Refer Note 12)

NOTES TO CONSOLIDATED FINANCIAL STATEMENT
FOR THE YEAR ENDED 31ST MARCH, 2022 (Contd.)

29. CONTINGENT LIABILITIES AND COMMITMENTS (TO THE EXTENT NOT PROVIDED FOR)

(All amount in Lacs, unless otherwise stated)

	Particulars	31st March, 2022
a.	**Commitments**	
(i)	Estimated amount of contracts remaining to be executed on capital expenditure and not provided for (net of advances)	12,635.96
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
(ii)	Income tax liability that may arise in respect of matters in disputes (Refer note-1)	143.24
(iii)	Pending duty obligation against EPCG licence (Refer note -2)	3,073.42
c.	**Outstanding Bank guarantees (Refer note-4)**	**174.73**

Note 1 : Contingent liability of Excise and Goods and services tax of ₹ 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 ₹ 143.24 Lacs is related to Income tax that pertains to demand of assessment year 2016-17 for certain additions made during the assessment which is pending before 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 : The Company has given Bank Guarantee to customer against sales order.

30. 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:

(All amount in Lacs, unless otherwise stated)

Particulars	31st March, 2022
Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end (Refer note 17 and 18)	737.33
Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year end	0.22
	737.55
Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed day during the year	6.05
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	0.22
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	-

31. LEASE

The Company incurred ₹ 22.40 Lacs for the year ended 31st March, 2022 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.

32. 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	31st March, 2022 (in ₹ Lacs)
Within India	70,688.76
Outside India	8,681.38
Total	**79,370.14**

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

Particulars	Number of customer	Amount (in ₹ Lacs)
Year ended 31st March, 2022	2	20,167.42

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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENT
FOR THE YEAR ENDED 31ST MARCH, 2022 (Contd.)

33. 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:

(i) Changes in the present value of defined benefit obligation

(All amount in Lacs, unless otherwise stated)

Particulars	31st March, 2022
Present value of defined benefit obligation as at year beginning	550.14
Current Service Cost	155.20
Past Service cost	-
Interest Cost	37.35
Remeasurements (gains)/losses	
'-Actuarial (gains)/losses arising from changes in financial assumptions	(28.50)
'-Actuarial (gains)/losses arising from changes in experience adjustments	(13.54)
Benefits Paid	(36.06)
Present value of defined benefit obligation as at year end	**664.59**

(ii) Changes in fair value of plan assets

Particulars	31st March, 2022
Fair Value of Plan Assets as at year beginning	463.66
Remeasurements (gains)/losses	-
'-Return on plan assets, (excluding amount included in net Interest expense)	32.89
'-FMC Charges	-
Employer's Contribution	86.48
Benefits Paid	(36.06)
Fair Value of Plan Assets as at year end	**546.97**

(iii) Acturial Gain/Loss on Plan Asset

Particulars	31st March, 2022
Expected Interest Income	31.48
Actual income on plan assets	32.89
Actuarial Gain/Loss for the year on Assets	1.41

(iv) Expected contribution for next accounting period:

Particulars	31st March, 2022
Service cost	199.65
Net interest cost	8.44
Expected expense for the next annual reporting period	208.09

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

Expense recognised in the Statement of Profit and Loss:

(All amount in Lacs, unless otherwise stated)

Particulars	31st March, 2022
Current Service Cost	155.20
Net Interest Cost/(Income)	5.87
Net Cost Recognised in the Statement of Profit and Loss	**161.07**

Expense recognised in the Other Comprehensive Income:

Particulars	31st March, 2022
Remeasurements (gains)/losses	(42.04)
Actuarial (gain) /Loss for the year on asset	(1.41)
Net Cost Recognised in the Other comprehensive income (OCI)	**(43.45)**

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

Particulars	31st March, 2022
Amounts Recognised in the Balance Sheet	
Present value of defined benefit obligation at the year end	664.60
Fair Value of the Plan Assets at the year end	546.99
Liability/(Asset) Recognised in the Balance Sheet	**117.61**

(vii) A quantitative sensitivity analysis for significant assumption is as shown below:

Particulars	31st March, 2022
a) Impact of change in discount rate	
Present Value of obligation at the end of the period	664.60
a) Impact due to increase of 0.5%	(35.87)
b) Impact due to decrease of 0.5%	39.43

Particulars	31st March, 2022
b) Impact of change in Salary increase	
Present Value of obligation at the end of the period	664.60
a) Impact due to increase of 0.5%	38.20
b) Impact due to decrease of 0.5%	(35.09)

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.

(viii) Expected contribution for the next Annual reporting period:

Particulars	31st March, 2022
a) Service cost	199.65
b) Net interest cost	8.44
c) Expected expense for the next annual reporting period	208.09

NOTES TO CONSOLIDATED FINANCIAL STATEMENT
FOR THE YEAR ENDED 31ST MARCH, 2022 (Contd.)

(ix) Significant Actuarial Assumptions

(All amount in Lacs, unless otherwise stated)

Particulars	31st March, 2022
Discount Rate	7.18%
Number of Employees	2,639
Maximum Gratuity amount limit	20 Lacs
Mortality Rate	100%
Future Salary Increase (%)	7.00%
Retirement Age (Years)	58
Attrition at Ages	
Up to 30 Years	5.00%
From 31 to 44 years	3.00%
Above 44 years	2.00%

Mortality & Morbidity rates - 100% of IALM (2012-14) (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.

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

Particulars	31st March, 2022
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%
Bank balance	-
Total	**100%**

34. DETAIL OF EXPENDITURE INCURRED ON CORPORATE SOCIAL RESPONSIBILITIES

(All amount in Lacs, unless otherwise stated)

Particulars	Year ended 31st March, 2022
a) Gross amount required to be spent by the Company during the year	244.88
b) Amount approved by the Board during the year	270.00

b) Amount spent during the year:

Particulars	Year ended 31st March, 2022
Construction / acquisition of any asset	54.30
On purpose other than above (i) above	265.93
Total amount spent during the year	320.23

Amount spent during the year ending on 31st March, 2022:	In cash	Yet to be paid in cash	Total
i) Construction/acquisition of any asset	54.30	34.92	89.22
ii) On purposes other than (i) above	265.93	-	265.93
Total	**320.23**	**34.92**	**355.15**

In case of S. 135(6) (Ongoing project)	Year ended 31st March, 2022
Opening Balance	
- With Company	-
- In Separate CSR Unspent A/c	95.00
Amount required to be spent For the Year ended 31st March, 2022	-
Amount spent during the year	
-From Company's bank A/c	0.77
-From Separate CSR Unspent A/c	53.53
Closing balance	
- With Company	-
- In Separate CSR Unspent A/c	41.47
Amount required to be deposited in separate bank account	-
Actual amount deposited in Unspent Account after the year end	-

(All amount in Lacs, unless otherwise stated)

In case of S. 135(5) (Other than ongoing project)	Year ended 31st March, 2022
Opening Balance	
Amount required to be spent during the year	244.88
Amount spent during the year	265.93
Amount deposited in Specified Fund of Sch. VII within 6 months	-
Closing Balance	-

NOTES TO CONSOLIDATED FINANCIAL STATEMENT
FOR THE YEAR ENDED 31ST MARCH, 2022 (Contd.)

35. 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
iv.	Suman Garg	Whole-Time Director
v.	Narinder Singh Juneja	Whole-Time Director
vi.	Prakash Bagla	Non- executive Director
vii.	Vikas Giya	Independent Director *
viii.	Nitin Aggarwal	Independent Director *
ix.	Satish Sekhri	Independent Director *
x.	Suresh Chander Garg	Independent Director *
xi.	Pankaj Kumar Goyal	Chief financial officer
xii.	Bindu Garg (w.e.f. 12th July, 2022)	Company Secretary
xiii	Depesh Kumar (Upto 13th June, 2022)	Company Secretary

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

i. Ayush Capital and Financial Services Private Limited
ii. Happy Steels Private Limited
iii. Technomic Industries (proprietorship)
iv. Gamo Forgings Private Limited
v. Venus Industrial Corporation (partnership)
vi. Northstar Autocomp Private Limited

3) Joint Venture partner

i. Linchpin Technologies Private Limited (w.e.f. January 08, 2022)

* 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.

A) Transactions with related parties during the year.

(All amount in Lacs, unless otherwise stated)

Particulars	Key Management Personnel and their relatives	Enterprises over which Key Management Personnel & their relatives are able to exercise significant influence
	31st March, 2022	31st March, 2022
Sale of finished goods		
Happy Steels Private Limited	-	1.58
Total	**-**	**1.58**
Sale of scrap		
Technomec Industries		-
Total	**-**	**-**
Sale of Raw Material		
Happy Steels Private Limited	-	-
Technomec Industries	-	6.71
Venus Industrial Corporation	-	34.88
Northstar Autocomp Private Limited	-	1.98
Gamo Forgings Private Limited	-	-
Total	**-**	**43.57**
Job Work Sales		
Technomec Industries	-	0.17
Happy Steels Private Limited	-	1.25
Venus Industrial Corporation	-	2.31
Total	**-**	**3.73**
Job Work Expenses		
Happy Steels Private Limited	-	4.15
Technomec Industries	-	75.13
Gamo Forgings Private Limited	-	-
Total	**-**	**79.28**
Reimbursement of expenses		
Technomec Industries		2.70
Total	**-**	**2.70**
Repair work expenses		
Happy Steels Private Limited	-	0.12
Total	**-**	**0.12**
Purchase of Unquoted equity shares from VVDN technologies private limited		
Linchpin Technologies Private Limited	-	41.20
Total	**-**	**41.20**
Loan Taken		
Suman Garg	-	-
Paritosh Kumar	-	-
Ashish Garg	-	-
Megha Garg	-	-
Total	**-**	**-**

NOTES TO CONSOLIDATED FINANCIAL STATEMENT
FOR THE YEAR ENDED 31ST MARCH, 2022 (Contd.)

(All amount in Lacs, unless otherwise stated)

Particulars	Key Management Personnel and their relatives	Enterprises over which Key Management Personnel & their relatives are able to exercise significant influence
	31st March, 2022	31st March, 2022
Repayment of loan		
Suman Garg	-	-
Paritosh Kumar	-	-
Ashish Garg	75.00	-
Megha Garg	-	-
Total	**75.00**	**-**
Interest on Loan		
Suman Garg	-	-
Paritosh Kumar	-	-
Ashish Garg	22.81	-
Megha Garg	0.94	-
Total	**23.75**	**-**
Reimbursement of capital expenditure incurred on immovable property		
Paritosh Kumar	-	-
Total	**-**	**-**
Salary #		
Suman Garg	46.28	-
Paritosh Kumar	161.78	-
Ashish Garg	158.48	-
Megha Garg	36.38	-
Narender Singh Juneja	48.49	-
Pankaj Kumar Goyal	21.30	-
Bindu Garg	11.89	-
Depesh Kumar	14.66	-
Total	**499.26**	**-**
Directors sitting fees		
Satish Sekhri	4.00	-
Nitin Aggarwal	0.50	-
Suresh Chander Garg	0.50	-
Vikas Giya	0.50	-
Total	**5.50**	**-**
Commission		
Satish Sekhri	6.00	-
Total	**6.00**	**-**

Balance with related Parties at year end:

Name of Party	Nature of Transaction	31st March, 2022
Happy Steels Private Limited	Trade payables	6.88
Technomec Industries	Trade payables	5.23
Venus Industrial Corporation	Trade receivable	-
NorthStar Autocomp Private Limited	Trade receivable	1.98
Ashish Garg	Borrowings (Current Loan)	190.00
Megha Garg	Borrowings (Current Loan)	10.00

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

36. FINANCIAL ASSETS & FINANCIAL LIABILITIES

A. Financial Assets

(All amount in Lacs, unless otherwise stated)

Particulars	Fair Value hierarchy	As at 31st March, 2022	
		Carrying Amount	Fair Value
Financial Assets-Non Current			
At Amortised Cost			
(i) Other financial assets (Refer note 6)	Level 3	746.68	746.68
Total Non current financial assets (a)		**746.68**	**746.68**
Financial Assets-Current			
At fair value though profit or loss			
(a) Derivative financial instruments (Refer note 6)	Level 2	72.38	72.38
At Amortised Cost			
(i) Trade receivables (Refer note 9)	Level 3	22,203.58	22,203.58
(ii) Cash and cash equivalents (Refer note 10)	Level 3	2.02	2.02
(iii) Bank balance other than above (Refer note 11)	Level 3	143.96	143.96
(iv) Other financial assets (Refer note 6)	Level 3	260.70	260.70
Total Current financial assets (b)		**22,682.64**	**22,682.64**
Total financial assets (a+b)		**23,429.32**	**23,429.32**

B. Financial Liabilities

Particulars	Fair Value hierarchy	As at 31st March, 2022	
		Carrying Amount	Fair Value
Financial liabilities-non current			
At Amortised Cost			
(i) Borrowings (Refer note 14)	Level 3	7,404.56	7,404.56
Total Non Current Financial Liabilities (a)		**7,404.56**	**7,404.56**
Financial liabilities-Current			
At Amortised Cost			
(i) Borrowings (Refer note 14)	Level 3	16,630.66	16,630.66
(ii) Trade payable (Refer note 17)	Level 3	4,423.12	4,423.12
Others			

NOTES TO CONSOLIDATED FINANCIAL STATEMENT
FOR THE YEAR ENDED 31ST MARCH, 2022 (Contd.)

Particulars	Fair Value hierarchy	As at 31st March, 2022	
		Carrying Amount	Fair Value
Accrued employee liabilities (Refer note 18)	Level 3	310.55	310.55
Other payables (Refer note 18)	Level 3	1,528.27	1,528.27
Total Current Financial Liabilities (b)		**22,892.60**	**22,892.61**
Total Financial Liabilities (a+b)		**30,297.16**	**30,297.17**

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 31st March, 2022.

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).

37. 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, debt and equity investments and derivative financial instruments.

The sensitivity analyses in the following sections relate to the position as at 31st March, 2022.

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 foreign exchange rates. 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/exports and long term foreign currency borrowings. The Company evaluates the exchange rate exposure arising from foreign currency transactions and follows established risk management policies.

Foreign currency sensitivity

The following table represents the senstivity to a reasonably possible change in exchange rates, with all other variables held constant. 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.

(All numbers in Lacs, unless otherwise stated)

Particulars	31st March, 2022 (Foreign Currency)	31st March, 2022 (₹ Value)	Currency	Increase/ Decrease in rate	Impact on profit before tax (Decrease in rate)	Impact on profit before tax (Increase in rate)
Trade Receivables	7.91	600.69	US$	5%	30.03	(30.03)
Trade Receivables	28.50	2,399.96	EURO	5%	120.00	(120.00)
Trade Payable	0.03	1.99	US$	5%	(0.10)	0.10
Capital Creditors	8.22	692.29	EURO	5%	(34.61)	34.61
Capital Creditors	2.23	222.45	GBP	5%	(11.12)	11.12
Capital Creditors	0.02	1.28	US$	5%	(0.06)	0.06
Borrowings-Current/Non current	58.14	4,896.08	EURO	5%	(244.80)	244.80

The Company has derivative financial instruments such as foreign exchange forward contracts to mitigate the risk of changes in exchange rate in foreign currency exposure. The counterparty for these contracts is generally a bank. The details of the outstanding foreign exchange forward contracts are as follows:

(All numbers in Lacs, unless otherwise stated)

Particulars	Currency	31st March, 2022	
		Foreign Currency	Indian Rupee
Receivables (Forwards contracts sell)	US$	12.00	910.80
Receivables (Forwards contracts sell)	EURO	9.00	757.98

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 and in foreign currency 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

The Company is affected by price volatility of certain commodities. The principal raw materials for the Company products are alloy and carbon steel in the form of rounds and billets which are purchased by the Company from the approved list of suppliers. Most of the input materials are procured from domestic vendors which is subject to price negotiations. Due to significant volatility in prices of steel, the Company has agreed with its customers for pass through of increase/decrease of prices of steel. There may be a lag effect in case of such pass-through arrangements.

Commodity price sensitivity

The Company has back to back pass-through arrangements for volatility in raw material prices for most of the customers. However, in few cases there may be lag effect in case of such pass-through arrangements and might have some e ect on the Company's profit and equity.

A(iv) Equity price risk

The Company's non-listed equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Company's Board of Directors reviews and approves all equity investment decisions.

At the reporting date, the exposure to unlisted equity securities of joint venture is at cost of ₹ 41.20 Lacs. Sensitivity analysis of these investments have been provided in Note 36.

NOTES TO CONSOLIDATED FINANCIAL STATEMENT
FOR THE YEAR ENDED 31ST MARCH, 2022 (Contd.)

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.

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 are 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.

(All amount in Lacs, unless otherwise stated)

Particulars	On demand	Less than 3 months	3 to 12 months	1 to 5 years	>5 years	Total
As 31st March, 2022						
Borrowings * (Refer note 14 & 18)	16,163.92	113.71	353.03	7,404.56	-	24,035.22
Other financial liabilities (Refer note 18)	1,838.82	-	-	-	-	1,838.82
Trade Payable (Refer note 17)	4,423.12	-	-	-	-	4,423.12
	22,425.85	**113.71**	**353.03**	**7,404.56**	**-**	**30,297.16**

* based on total principal outstanding gross of the processing fee and charges of ₹ Nil

Note: The amount on demand category includes cash credit limits that are generally sanctioned for one year which are subject to renewals, however these are repayable on demand

38. 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.

(All amount in Lacs, unless otherwise stated)

Particulars	31st March, 2022
Borrowings (Refer note 14)	24,035.22
Less: Cash & cash equivalents (Refer note 10)	2.02
Less: Other bank balance (Refer note 11)	143.96
Net debt	**24,181.20**
Total capital	78,761.62
Capital and net debt	**1,02,942.83**
Gearing ratio	23.49%

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 31st March, 2022 and 31st March, 2021.

39. IMPACT OF COVID-19

The Company has assessed the possible impact of COVID-19 in assessing the recoverability of carrying amount of Company's assets such as property, plant and equipment, investments and other assets etc. considering the various internal and external information up to the date of approval of these financial statements and concluded that they are recoverable based on the estimated realisable value. The Company continues to monitor any material charges to the future economic conditions.

40. RECOGNITION OF GOVERNMENT GRANTS

The Company has accrued incentive of ₹ 275.23 Lacs (March 31, 2021 ₹ 556.15 Lacs) related to electricity duty and infratstructure development fund received during the year. Further, the Company has not accrued incentive relating to net SGST of ₹ 1064.35 Lacs (March 31, 2021 NIL) that has been approved during the current year since the management believes that it is not certain that the amount will be received.

NOTES TO CONSOLIDATED FINANCIAL STATEMENT
FOR THE YEAR ENDED 31ST MARCH, 2022 (Contd.)

41. RATIO ANALYSIS AND ITS ELEMENTS

Ratio	Numerator	Denominator	31st March, 2022	% Change
Current Ratio	Current Assets	Current Liabilities	1.74	(8.67)
Debt Equity Ratio	Total Debt	Shareholder's equity	0.31	28.28
Debt Service Coverage Ratio	Earnings for debt service=Net profit after taxes+non cash operating expenses	Debt service=Interest & lease payments+ principal repayments	19.14	92.69
Return on Equity Ratio	Net profit after taxes-preference dividend	Average shareholder's equity	19.91%	38.24
Inventory Turnover Ratio	Cost of goods sold	Average inventory	2.54	(0.36)
Trade Receivable Turnover Ratio	Net credit sale=Gross credit sales-sales return	Average trade receivable	4.43	15.13
Trade Payable Turnover Ratio	Net credit purchases= Gross credit purchases-purchase return	Average trade payable	12.90	35.81
Net Capital Turnover Ratio	Net Sales=Total sales-sales return	Working Capital=current assets-current liabilities	4.77	30.23
Net Profit Ratio	Net Profit	Net Sales=Total sales-sales return	16.62%	11.81
Return on Capital Employed	Earning before interest and taxes	Capital Employed=Tangible net worth+Total debt+Deferred tax liability	18.96%	20.46
Return on investment	Interest (Finance income)	Investment	Nil	Nil

*The Company has not presented the comparative figures for the previous period and reason for variance as it is first year of consolidation. Refer note 46

42. DISCLOSURE PURSUANT TO AMENDMENT TO IND AS 7 (CASH FLOW STATEMENT)

Financing activities

Borrowings

(All amounts in ₹ Lacs, unless otherwise stated)

Particulars	Cash flows	Non-cash transactions			Closing balance 31st March, 2022
		Processing cost	Fair value changes	Others	
Term loans from Banks (including current maturity)	4,764.53	-	(258.01)	-	7,871.31
Loan from related parties	-	-	-	-	-
Short term borrowing	4,181.67	-	-	-	16,163.91
Total Liabilities from financing activities	**8,946.20**	**-**	**(258.01)**	**-**	**24,035.22**

43. INVESTMENT IN JOINT VENTURE

a) The Company has made following investment in Joint Venture Company during the 2021-22 and has shareholding as at 31st March, 2022 as follows:

(All amounts in ₹ Lacs, unless otherwise stated)

Name of the Company	Principal activities	Country of incorporation	% equity interest
			31st March, 2022
Linchpin Technologies Private Limited	Consultancy	India	33.33%

The Company has acquired 33.33% interest in Linchpin Technologies Private Limited, a joint venture involved in the consultancy services in India. The Company interest in Linchpin Technologies Private Limited is accounted for using the equity method in the consolidated financial statements. Summarised financial information of the joint venture, based on its Ind AS financial statements, and reconciliation with the carrying amount of the investment in consolidated financial statements are set out below:

(All amount in Lacs, unless otherwise stated)

Particulars	As at 31st March, 2022
Current assets, including cash and cash equivalents ₹ 24.01 Lacs	34.22
Non-current assets	98.48
Current liabilities including tax payable ₹ 1.99 Lacs	(2.19)
Equity	130.50
Proportion of the Parent Company's ownership	33.33%
Carrying amount of the investment	43.50

Summarised statement of profit and loss of the Linchpin Technologies Private Limited

(All amount in Lacs, unless otherwise stated)

Particulars	For the year ended 31st March, 2022
Revenue	8.44
Other expense	(0.81)
Profit/(loss) before tax	7.63
Income tax (expense)/credit	(1.99)
Profit/(loss) for the year	5.64
Total comprehensive income/(loss) for the year	5.64
The Parent Company's share of profit/(loss) for the year#	0.47

During the year, the Company has acquired 33.33% shares in Linchpin Technologies Private Limited on 08th January, 2022.The Company's share in the current year's profit of the joint venture partner has accordingly been prorated for the post acquistion % share of Company.

The joint venture had no other contingent liabilities or capital commitments as at 31st March, 2022, except trade purchase commitments for which the Company including joint venture has a corresponding commitment, as disclosed in Note 29. Linchpin Technologies Private Limited Limited cannot distribute its profits until it obtains the consent from the two venture partners.

NOTES TO CONSOLIDATED FINANCIAL STATEMENT
FOR THE YEAR ENDED 31ST MARCH, 2022 (Contd.)

44. ADDITIONAL INFORMATION UNDER GENERAL INSTRUCTIONS FOR THE PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS OF SCHEDULE III TO THE COMPANIES ACT, 2013

S.No.	Country of Incorporation	Percentage holding as at 31st March, 2022	Net Assets, i.e. total assets minus liabilities as at		Share in profit and loss		Share in other Comprehensive income		Share in total comprehensive income	
			As at 31st March, 2022							
			As % of consolidate	Amount	As % of consolidate	Amount	As % of consolidate	Amount	As % of consolidate	Amount
Parent Company										
Happy Forgings Limited	India	NA	100.00%	78,510.45	99.88%	4,878.44	100.00%	32.51	99.89%	4,910.96
Joint Venture										
Linchpin Technologies Private Limited	India	33.33%	NA	NA	0.12%	5.64	-	-	0.11%	5.64
Total				**78,510.45**		**4,884.08**		**32.51**		**4,916.60**

45. OTHER STATUTORY INFORMATION

(i) The Company does not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property.

(ii) The Company does not have any transactions with companies struck off.

(iii) The Company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period,

(iv) The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.

(v) The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:

(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries) or

(b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries

(vi) The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:

(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or

(b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries,

(vii) The Company does not have any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961

46. The Company acquired investments in joint venture on 08th January, 2022 and has consolidated the financial information of the said joint venture from the period of 09th January, 2022 to 31st March, 2022. Since this is the first set of consolidated financial statements, comparative figures for the previous period are not presented.

As per 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

Place: Ludhiana
Date: 06th September, 2022

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

Pankaj Kumar Goyal
Chief financial officer
Membership No. 500683

Bindu Garg
Company Secretary
Membership No. 6997

Place: Ludhiana
Date: 06th September, 2022

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