

# DELIVERING WITH PASSION CREATING VALUE



HAPPY FORGINGS LIMITED



ANNUAL REPORT  
2022-23



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For more investor-related information  
<https://happyforgingsltd.com/investors/>

**Disclaimer**  
This document contains statements about expected future events and financials of Happy Forgings Limited, which are forward-looking. By their nature, forward-looking statements require the Company to make assumptions and are subject to inherent risks and uncertainties. There is a significant risk that the assumptions, predictions, and other forward-looking statements may not prove to be accurate. Readers are cautioned not to place undue reliance on forwardlooking statements as several factors could cause assumptions, actual future results and events to differ materially from those expressed in the forwardlooking statements. Accordingly, this document is subject to the disclaimer and qualified in its entirety by the assumptions, and qualifications.

# DELIVERING WITH PASSION CREATING VALUE

Highlights FY 2022-23

₹ 11,965.3 MN	+43.02%   Y-0-Y
Revenue	
₹ 3,409.4 MN	+46.55%   Y-0-Y
EBITDA	
₹ 2,087.01 MN	+55.38%   Y-0-Y
PAT	

At Happy Forgings, delivering with passion is a cornerstone of our culture. This has transformed us from being manufacturers of basic forged and machined components to manufacturers of complex and safety-critical products with closed tolerances, expanding our capabilities in both light and heavy forging and machining.



By understanding our clients' needs, collaborating closely with them, and providing tailored solutions, we continuously explore newer growth horizons. We invest in enhancing our capabilities, diversifying our product range, and nurturing enduring partnerships, thereby generating unparalleled value for our stakeholders. As one of the leaders in the forging and machining industry, we constantly redefine standards and push boundaries through persistent reinvention.

For us, 'creating value' also means embracing trust. Our commitment to reliable delivery has helped us build lasting relationships with our customers, partners, and communities. We are creating a future where Happy Forgings Limited stands as a shining example of dedication, innovation and extraordinary worth.

Our ability to deliver significance and achieve success stems from

LEADING THE WAY WITH STRATEGIC INVESTMENTS

Read more on page 12

EXPANDING HORIZONS TO FOSTER BUSINESS GROWTH

Read more on page 24





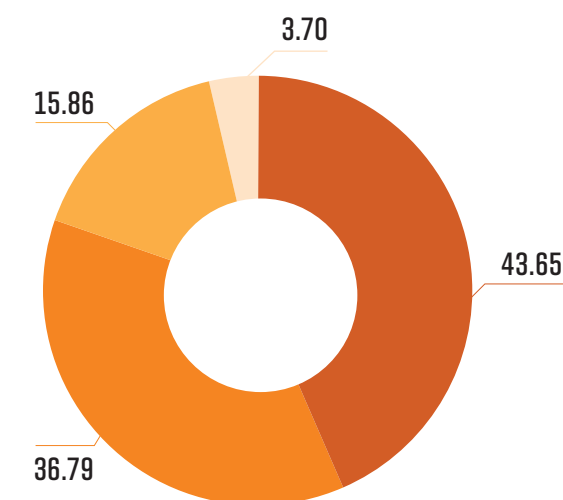
Our accelerated growth in the industry is an outcome of proactive investments in assets, maximising their utilisation, expanding our customer base, and continuously reinventing our business model to stay ahead of the curve.



### Tangible Outcomes

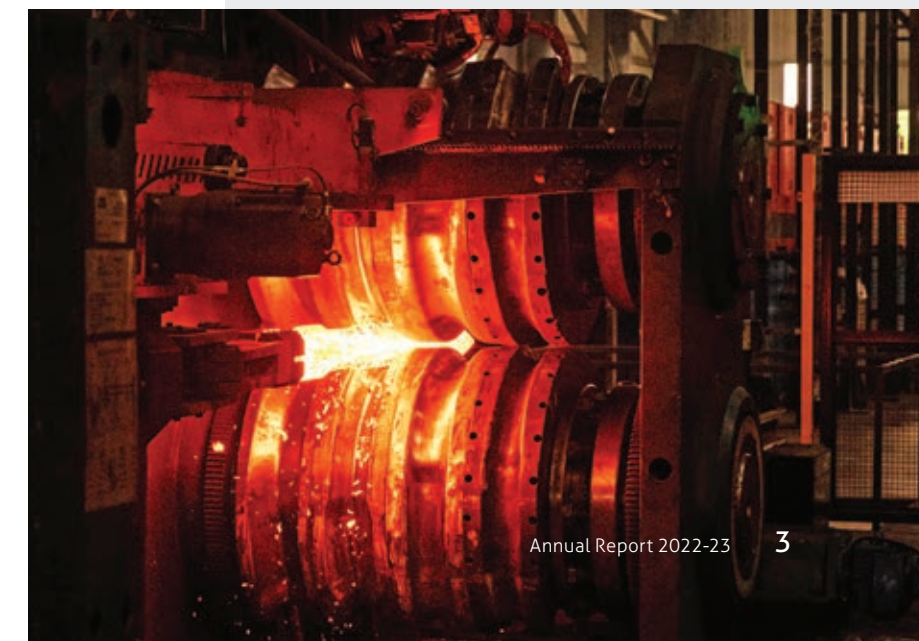
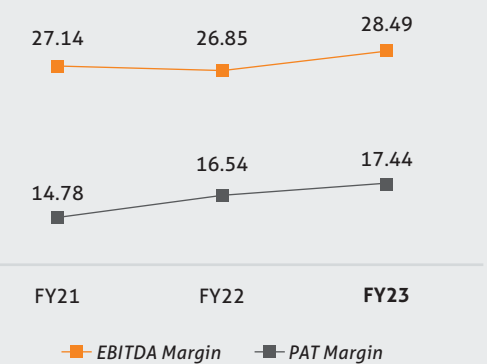
- 1** Emerged as a leading engineering-led manufacturer of complex and safety-critical, heavy forged and high-precision machined components in India
- 2** Have become a trusted player in the domestic crankshaft manufacturing industry with the second-largest production capacity for commercial vehicle and high horse-power industrial crankshafts in India
- 3** Enhanced sales contribution from machined products to 79% of total sales and subsequently improved EBITDA margins, driven by our strength in machining and overall value addition to products
- 4** Grew revenues at a CAGR of 43% and PAT at a CAGR of 55% over the past three years
- 5** Widened our revenue base with an increase in the share of exports
- 6** Reported best-in-class RoCE of 24.24% in FY 2022-23

### Industry-wise Revenue Split in FY23 (%)



■ Commercial Vehicles  
 ■ Farm Equipments  
 ■ Off Highway Vehicles  
 ■ Industrial

### Demonstrating Industry Leading Margins (%)





## Corporate Portrait

# A Legacy of Excellence

Established in 1979, Happy Forgings started with a single unit to manufacture bicycle pedals.

Over the years, our commitment to excellence has seen us emerge as a major Indian forging and machining company, offering a wide range of high-precision engineering products such as a fully-machined heavy range of crankshafts, pinion shafts, planetary carriers and valve bodies, among others to segments

such as heavy commercial vehicles, farm equipment, off-highway construction, oil and gas, power generation, railways and wind turbine industries.

Our vertically integrated operations encompass engineering, process design, testing, manufacturing, and supply of various components across industries for a diversified base of customers. With over four decades of experience manufacturing high-precision products and a solution-driven approach, we have gained customer confidence, reflected in our longstanding relationship with them.

## Key Facts

**40+ YEARS**  
of Manufacturing Excellence

**3**  
Manufacturing Facilities

**1,07,000 TONNES**  
Forging capacity (Annual)

**46,100 TONNES**  
Machining Capacity (Annual)

**2<sup>ND</sup> LARGEST**  
Producer of commercial vehicle and high horse-power industrial crankshafts in India

**4<sup>TH</sup> LARGEST**  
Engineering-led manufacturer of complex and safety-critical, heavy forged and high-precision machined components in India

**LONGSTANDING RELATIONSHIPS**  
of more than 14 years with the top-10 customers

**AA-/STABLE**  
CRISIL and ICRA ratings



CORPORATE OVERVIEW

STATUTORY REPORTS

FINANCIAL STATEMENTS



## Clientele



## Our Vision

To be amongst the top 10 forging and machining companies globally.

## Our Values

Stay at the forefront of technology

Deliver more than promised

Respect and encourage people

Inspire innovation and creativity

Care for the environment and society

## Our Differentiators

- 1 Ability to manufacture high-precision and heavy components weighing up to 250 kg, one of few names in the industry in India
- 2 Integrated manufacturing operations coupled with in-house product and process design capabilities resulting in a diverse product portfolio with continuous value addition
- 3 Diversified business model with 66 customers today, well placed to take advantage of potential alternative engine technologies
- 4 Long-standing relationships with customers across industries
- 5 Track record of consistently building capabilities and infrastructure, with a focus on capital efficiency
- 6 Seasoned promoters and management team, ably supported by a reputed Board
- 7 Track record of healthy financial performance



## Offerings

# Expanding Product Portfolio

At Happy Forgings, we have consistently invested in our forging and machining infrastructure strengthening our processes and techniques for manufacturing complex components with closed tolerances and improved mechanical properties.

Our extensive engineering and product development capabilities encompass die design, process planning, tool selection and inspection and testing. These capabilities ensure the production of safety-critical components according to specified designs and standards.

## Serving the Growing Needs of Various Industries



COMMERCIAL  
VEHICLES



FARM  
EQUIPMENT



OFF-HIGHWAY  
VEHICLES



WIND  
TURBINE



RAILWAYS



OIL AND GAS



POWER  
GENERATION

## OUR PRODUCT PORTFOLIO

### Crankshafts

Forged and Machined



PRODUCT WEIGHT

10-210 KG

### Differential Case

Forged and Machined



PRODUCT WEIGHT

5-40 KG

### Suspension Products

Brake Flange



PRODUCT WEIGHT

5-16 KG

Suspension bracket



PRODUCT WEIGHT

5-16 KG

### Front Axle Beam



PRODUCT WEIGHT

70-195 KG

### Will Mill Application Products

Planetary Carrier



PRODUCT WEIGHT

5-45 KG

Pinion Shaft



PRODUCT WEIGHT

84-200 KG

Housing



PRODUCT WEIGHT

35-105 KG

### Steering Knuckle



PRODUCT WEIGHT

27-45 KG

### Railway Parts

Bush, Connecting Rod,  
Cam Shaft



PRODUCT WEIGHT

5-40 KG

### Oil and Gas Sector

Valve Body



PRODUCT WEIGHT

45-90 KG

### Transmission Parts

Shafts, Crown Wheel, Ring



PRODUCT WEIGHT

5-95 KG



## Our Journey

# An Evolution of Passionate Engineering

Each year, we have embraced newer milestones to expand our capabilities, including expanding operations from two plants in FY 06 to three manufacturing facilities in FY 2022-23, adding capacities, increasing adoption of automation and robotics in manufacturing and widening our product portfolio across industries such as automotive, railways, agriculture, engine & power generation, oil & gas and construction & mining.


**1979**

Incorporated the Company with a single unit for manufacturing bicycle pedals


**2006**

Commenced operations at Kanganwal Facility II


**2008-09**

Commissioned the first 8,000-tonne forging press and installed model grinding technology used to manufacture crankshafts


**2017**

Commissioned the second 8,000-tonne forging press


**2021**

Commenced operations at the Dugri facility and installed the third 8,000-tonne forging press line


**2023**

Commissioned the first 14,000-tonne forging press line

1979  
– 2005

2006  
– 2007

2008  
– 2015

2017  
– 2018

2021  
– 2022

2023


**2005**

Installed heavy-duty hammers to begin producing oil engine parts and motor parts


**2007**

Revenue crossed ₹ 1,000 million


**2010-15**

Continued focusing on machining capacity expansion and forayed into new segments like commercial vehicles and off-highway


**2018**

Crossed ₹ 5,000 million in revenues and raised additional funds through the financial sponsor route from the India Business Excellence Fund III


**2022**

Installed eight dedicated lines for manufacturing crankshafts



## Performance Highlights

# Consistency is a Rare Virtue

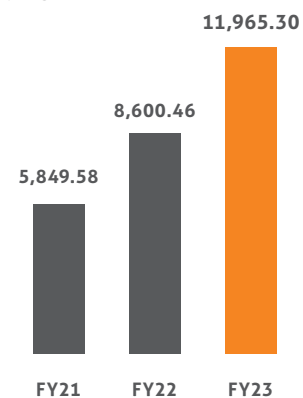


## FINANCIAL PERFORMANCE

Revenue from Operations  
(₹ in Mn)

**₹ 11,965.30 MN**

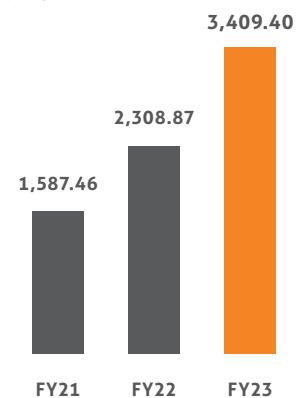
+43.02% Y-O-Y



EBITDA  
(₹ in Mn)

**₹ 3,409.40 MN**

+46.55% Y-O-Y



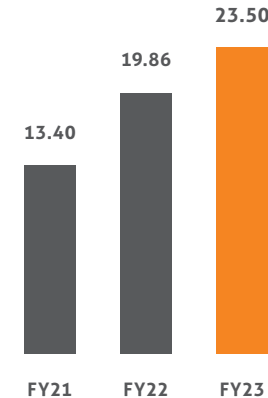
EBITDA Margin  
(in %)

**28.49%**



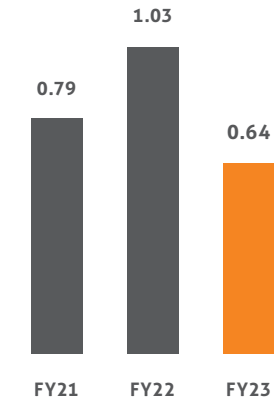
ROE  
(in %)

**23.50%**



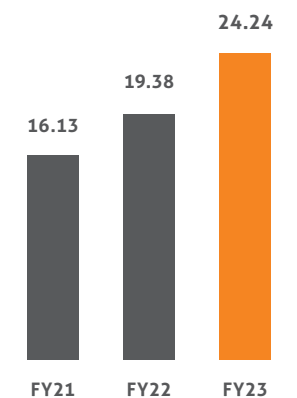
Net Debt to EBITDA  
(x)

**0.64x**



ROCE  
(in %)

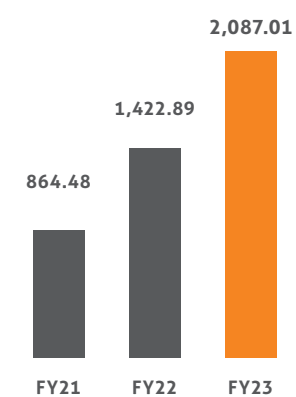
**24.24%**



Profit After Tax  
(₹ in Mn)

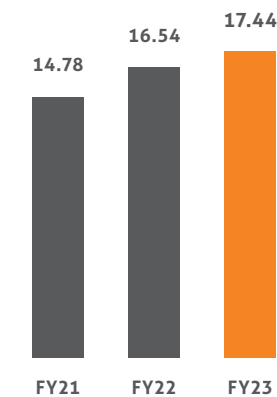
**₹ 2,087.01 MN**

+55.38% Y-O-Y



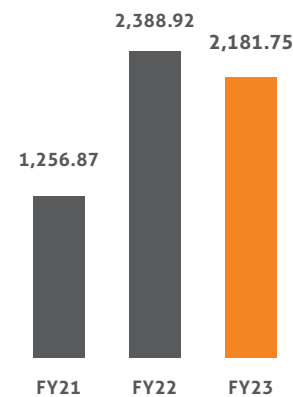
PAT Margin  
(in %)

**17.44%**



Net Debt  
(₹ in Mn)

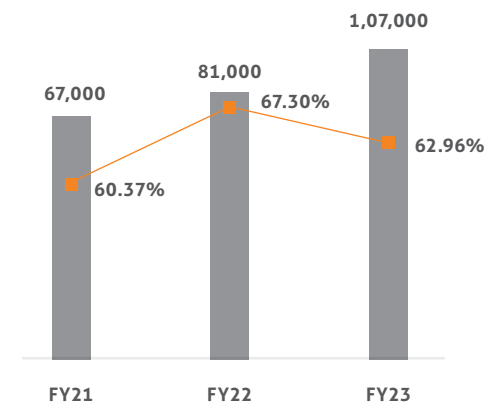
**₹ 2,181.75 MN**



## OPERATIONAL PERFORMANCE

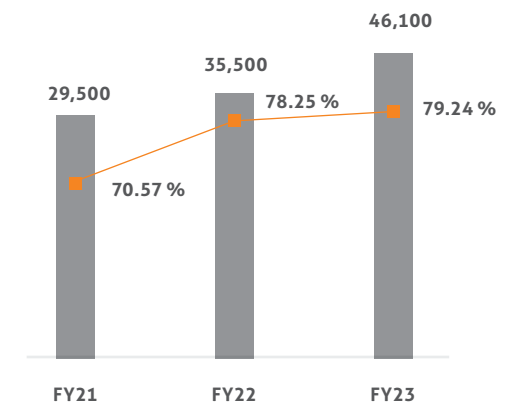
Forging Capacity and Utilisation  
(in MT)

**1,07,000 MT**



Machining Capacity and Utilisation  
(in MT)

**46,100 MT**





## Feature Story

# LEADING THE WAY WITH STRATEGIC INVESTMENTS

The demands of the forgings industry vary over time and continually call for integrating new technologies and processes to keep up with the changing requirements. Happy Forgings maintains our commitment to meeting these demands through ongoing investments in capacity expansion and cutting-edge technology. We operate two manufacturing facilities at Kanganwal and one at Dugri in Ludhiana, Punjab.

India's forging industry remains largely unorganised, with only a handful of scaled players boasting a large forging capacity (>75,000 MT) to meet the forging and machining demands. Within this group of select players, we have strategically positioned ourselves to tap into this promising market and make significant progress.

## Strengthening our Business Further

As an organisation committed to sustainable growth, we consistently invest in our capacities and capabilities to tap into the evolving opportunities and increase wallet share from our existing clientele. As a result, we are investing substantially to augment our forging capabilities as well as the crankshaft line through procurement of new plant and equipment.



1979

### Business Unit 1 Kanganwal, Ludhiana

Forging of brake flanges, bushes, camshafts, crankshafts, connecting rods, crown wheels, differential cases, planetary carriers, pinion shafts, piston pins, ring gears, shafts, steering knuckles, suspension brackets and valve bodies

14,000

Forging capacity (MT)\*

1,84,765.50

Area (sq. feet)

821

Employees

\*Capacity as of March 2023

1



2006

### Business Unit 2 Kanganwal, Ludhiana

Machining and forging bushes, connecting rods, differential cases, camshafts, crankshafts and suspension brackets and machining of the products forged in the Kanganwal Facility II

53,000

Forging capacity (MT)\*

29,500

Machining capacity (MT)\*

4,39,128.00

Area (sq. feet)

1,097

Employees

2



2021

### Business Unit 3 Dugri, Ludhiana

Forging and machining of brake flanges, crankshafts, differential cases, front axle beams, planetary carriers, pinion shafts, ring gears, steering knuckles, suspension brackets and valve bodies

40,000

Forging capacity (MT)\*

16,600

Machining capacity (MT)\*

17,71,208.46

Area (sq. feet)

1,111

Employees

\*Capacity as of March 2023

3



# PIONEERING PROGRESS



## Dear Shareholders,

It gives me immense pleasure to present the accomplishments of Happy Forgings Limited through our 44<sup>th</sup> Annual Report for our valued stakeholders.

Our financial performance in FY 2022-23 demonstrated steady growth, contributing to our organisation's overall expansion and development. This period saw strategic expansion initiatives that enabled us to enhance our product offerings while leading to improved profitability across the Company.

Our commitment to innovation has resulted in introducing more value-added products. Our ongoing capacity expansion efforts have strategically positioned us for sustained success.

## The Macroeconomic Picture

The global forging and machining markets is expected to be ~\$ 71.9 billion and \$ 52.5 billion, respectively, in CY 2023.

These are likely to experience steady growth with a compound annual growth rate (CAGR) of 5.1% for forging, reaching \$ 97.0 billion by CY 2029. The machining industry is expected to grow at CAGR of 5.2%, to reach \$ 71.2 billion by the same year.

In the non-automotive sector, which includes farm equipment, off-highway vehicles, and industrials, the global forging and machining market size is expected to be ~\$ 35.2 billion and \$ 13.3 billion. These figures will likely grow to ~\$ 47.4 billion and \$ 18.0 billion by 2029. India's GDP grew by 7.2% in FY2023 of 7.2% in FY 2022-23 and is likely to expand by 6.1% in FY2024. Exports are also expected to grow, supported by incentive programmes and business improvements.

India is steadily progressing towards establishing itself as a prominent global manufacturing hub led by several factors, including the China Plus One strategy, the government thrust on import substitution through the 'Make in India' initiative, available skilled labour and materials, rising production costs

in Europe and the US vis-à-vis India's status as a low-cost producer. With these factors in play, along with our in-house R&D, strategic partnerships, and cost advantages working in our favour, Happy Forgings is well-positioned to seize the right opportunities.

## Our Holistic and Responsible Approach

We have embraced environmental responsibility by adopting the 3R approach: reduce, reuse, and recycle. Our responsible manufacturing process prioritises decarbonisation, efficient waste management, water conservation, emission reduction, and increased use of renewable energy to minimise our environmental footprint.

Our commitment extends to our community as we aim to make positive socio-economic contributions. Guided by a strong sense of corporate responsibility, we adhere to the relevant guidelines that empower us to foster environmental sustainability, education, healthcare, and animal welfare.

I am truly thankful to our shareholders and the community for their vital contributions to supporting our journey to success.

I also extend my heartfelt gratitude to our dedicated management team, who showed resilience through several challenges we have faced. Looking ahead, I earnestly seek the continued support of all stakeholders to help shape Happy Forgings into a remarkable entity that creates enduring value for all.

**Paritosh Kumar Garg**  
Chairman and Managing Director

"Our commitment to innovation has resulted in introducing more value-added products. Our ongoing capacity expansion efforts have strategically positioned us for sustained success."



# A PASSION TO INNOVATE AND DELIVER



## Dear Shareholders,

In the charming town of Ludhiana, a captivating narrative unfolded. During the '80s, the auto parts industry was still in its infancy, with suppliers from different regions and imports serving the demands of OEMs and aftermarkets. At that time, forging players preferred catering to the aftermarket due to the prevalence of used trucks on the roads.

Happy Forgings, just like many other players, recognised this unique landscape as the roads improved, infrastructure grew, and new vehicles dominated the market.

We embraced innovation and ventured into machining alongside forgings, transforming metal cutting into an art form to add value and offer finished products in a fiercely competitive market. We have had the foresight to invest ahead of times in equipment due to conviction in our research and knowledge. This allowed us to become a key supplier to renowned OEMs, leading to engagements with global players.

Amidst the giants of a capital-intensive industry, we gradually emerged as an established player. We have made technology investments at a time when automation was not encouraged. Against all odds, we embraced the highest levels of competition, armed with passion, innovation and, most importantly, impeccable timing. And ever since the inception of the

Company back in 1979, we have only tried to deliver with passion.

## Operational Overview

As of FY 2022-23, we are an engineering-led manufacturer of safety-critical, heavy forged, and precision machined components.

We have emerged as a prominent player in the national crankshaft manufacturing sector. We take pride in our substantial production capacity, which is the second largest for commercial vehicles and high-horsepower industrial crankshafts within India. Our emphasis on crafting value-added products has facilitated our transformation from a forging-focused entity to a manufacturer of precision machined components.

## Financial Performance

Our revenues from operations surged by 39.12%, increasing from ₹ 8,600.46 million in FY 2021-22 to ₹ 11,965.30 million in FY 2022-23. Our continuous commitment to adding value by focusing on products with advanced machining has led to increased realisation over the years. In FY 2022-23, FY 2021-22, and FY 2020-21, our EBITDA margins stood at 28.49%, 26.85%, and 27.14%, respectively.

Our machined product sales increased from ₹ 3,992.02 million in FY 2020-21 (constituting 72.88% of total product revenue) to ₹ 8,392.33 million in

FY 2022-23 (constituting 78.66% of total product revenue).

This impressive growth, at a 44.99% CAGR, indicates our focus on high-margin machining and export business over the years.

Our revenues from selling forging products increased from ₹ 1,485.38 million to ₹ 2,277.15 million, demonstrating substantial growth at a CAGR of 23.82%, highlighting our strong performance in this segment.

## Way Forward

We aim to leverage our in-house engineering and product development capabilities to expand our product portfolio and seize emerging opportunities within the industrial markets. Our growth strategy involves building on our current market share and tapping into fresh business opportunities. We achieve this by leveraging our strong relationships with established OEMs and welcoming new clients.

Reinforcing our commitment to progress and capitalising on the rising international demand, we aim to ramp up our exports while expanding our manufacturing capacity at existing facilities. We are committed to achieving excellence across our operations by continuously undertaking initiatives to optimise operating costs and enhance overall efficiencies. To achieve sustained growth, we are consistently investing in new technologies and equipment. While doing so, we are equally focused on maintaining a healthy balance sheet, as reflected in our healthy debt-equity ratio of 0.64x.

I want to thank the Board, our team, leaders, advisors and all our employees for their continued support through our journey. Your efforts mean a lot to us. I am grateful for our stakeholders' trust and look forward to working with more stakeholders to enrich our success story further.

**Ashish Garg**  
Managing Director

“Our machined product sales increased from ₹ 3,992.02 million in FY 2020-21 (constituting 72.88% of total product revenue) to ₹ 8,392.33 million in FY 2022-23 (constituting 78.66% of total product revenue).”



## Opportunity Landscape

# Strong Impetus for Growth

Forging is an essential part of manufacturing various automotive and non-automotive components. Forgings find usage in high-performance, high-strength, high-reliability applications where tension, stress, load, and human safety are critical considerations. The increasing demand across diverse sectors and the influential external factors open numerous opportunities for us to seize and capitalise on.

The global forging and machining industry presents a favourable outlook. As of CY23, the global market stood at ~\$ 71.9 billion for forging and \$ 52.5 billion for machining. Projections indicate a steady growth trajectory, with an estimated CAGR of 5.1% for forging and 5.2% for machining, leading to \$ 97.0 billion and \$ 71.2 billion, respectively, by CY 29.

India is poised to play a pivotal role in the global manufacturing landscape. The contributing factors include the China Plus One strategy, the Ukraine-Russia conflict, high production costs in Europe and the US, and India's status as the world's second-lowest-cost producer after China.

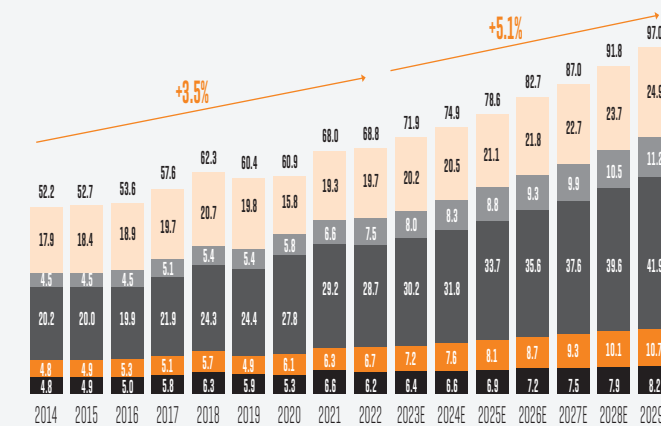
Moreover, India boasts a robust manufacturing ecosystem, abundant skilled labour, access to critical raw materials, and robust government incentive schemes to promote the 'Make in India' initiative.

At Happy Forgings, we aim to seize these opportunities through innovation, quality, and adaptability and earn the rewards of a dynamic industry.

### Key Trends

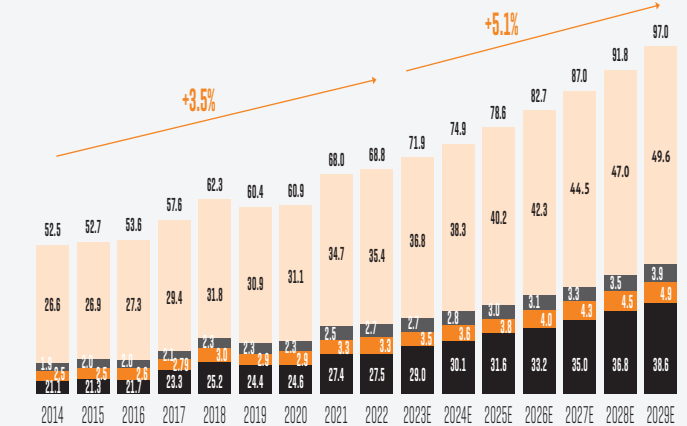
- The global medium and heavy forging market accounted for 67% of the total forging market by volume and 68% by value as of CY22. As of CY22, within the forging market, ~11.92 mn MT (\$ 26.7 bn) comes from medium forged components, while heavy forged components contribute 5.47 mn MT (\$ 20.3 bn). This market will likely grow to 22.45 mn MT (\$ 68 bn) by CY29 with a CAGR of 3.8%.
- The automotive sector holds ~61% of the forged components market share globally, by volume, as of CY22. In terms of value, the sector's contribution to forged components was ~\$ 35.4 billion in CY22 and is estimated to grow to \$ 49.6 billion in CY29 at a CAGR of 5.1%. As of CY22, PV contributes 42%, followed by CV at 38%, and two-wheelers in third place with 19%.
- The value of forged components in the farm equipment sector is expected to grow fastest, with a CAGR of 6.2% to \$ 3.9 billion in CY29.
- The industrial sector is experiencing consistent growth, fuelled by substantial infrastructure investments in countries such as China, India, and Southeast Asian nations. Additionally, global supply chains are witnessing realignments to move manufacturing to lower-cost locations.

Global Forging Market Size, by Value - \$ Billion



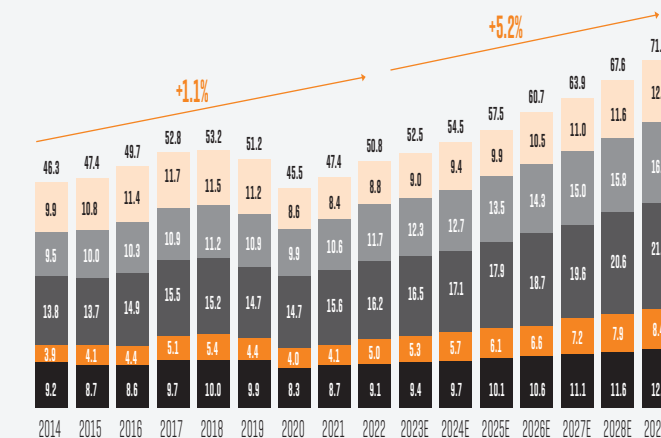
CAGR (%)					
2014-22	1.2	6.7	4.5	4.3	3.3
2023-29E	3.6	5.9	5.6	6.9	4.2
<div> <div>EUROPE</div> <div>UNITED STATES</div> <div>CHINA</div> <div>INDIA</div> <div>RoW</div> </div>					

Global Forging Market Size, by End Use and Value - \$ Billion



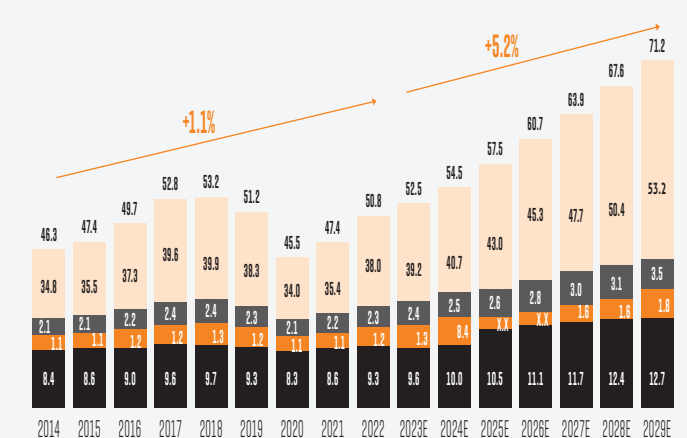
CAGR (%)					
2014-22	3.6	4.2	3.5	3.3	
2023-29E	5.1	6.2	6.0	4.9	
<div> <div>AUTOMOTIVE</div> <div>FARM EQUIPMENT</div> <div>OFF-HIGHWAY VEHICLE</div> <div>INDUSTRIAL AND OTHERS</div> </div>					

Global Machining Market Size, by Value - \$ Billion



CAGR (%)					
2014-22	-1.5	2.6	2.0	3.1	-0.2
2023-29E	4.8	5.3	4.9	7.9	4.4
<div> <div>EUROPE</div> <div>UNITED STATES</div> <div>CHINA</div> <div>INDIA</div> <div>RoW</div> </div>					

Global Machining Market Size, by End Use and Value - \$ Billion



CAGR (%)					
2014-22	1.1	1.5	1.5	1.2	
2023-29E	5.2	6.3	6.0	4.8	
<div> <div>AUTOMOTIVE</div> <div>FARM EQUIPMENT</div> <div>OFF-HIGHWAY VEHICLE</div> <div>INDUSTRIAL AND OTHERS</div> </div>					

## Opportunity Landscape

### KEY DRIVERS OF THE FORGINGS MARKET IN NON-AUTOMOTIVE AND INDUSTRIAL SERVICES



#### Aerospace

A commercial aircraft on average contains almost 450 structural forged parts and numerous forged engine parts. Forged parts are preferred for aircraft building as it has an excellent strength-to-weight ratio. Additionally, forged parts have proven to withstand fluctuating temperatures and atmospheric pressure at different heights.



#### Industrial Equipment

Large forgings are needed for various industrial equipment and machinery utilised by the steel, textile, paper, power generation, transmission, chemical, and refinery industries. Commonly used forged configurations include bars, blanks, blocks, connecting rods, cylinders, discs, elbows, rings, Ts, shafts, and sleeves.



#### Wind Turbine

The wind turbine gearbox comprises multiple vital components. The planetary gears, carriers, pinion shafts, ring gears, and differential gears get forged and machined while the housing gets cast to suitable dimensions.



#### Power

The power generation industry requires multiple forged and machined components such as engine blocks, cylinder heads, crankshafts and generators. Forged power transmission components are used in critical load and safety applications to provide the longest possible product life and to reduce the risk of failure. Components include forged braking yokes, steering components, input/output shafts, shifting forks, dogs & pawls, driveshaft yokes, axles, collars, pinions, spindles, input/output shafts, and clutch hubs, among other things.



#### Nuclear Power

The nuclear power industry uses forged metal parts for reactors, nuclear waste storage, raw materials, and transport. Forged parts are needed to manufacture pressure vessels as they work under high temperatures and pressure. The rise in nuclear power instead of conventional power sources is driving the forging market.



#### Defence

Forged components are part of every defence implement, from rifle triggers to nuclear submarine drive shafts, heavy tanks, missiles, armoured personnel carriers, military aircraft, shells, and other heavy artillery.



#### Renewable Energy

Quality forgings are especially important in the renewable energy sector, as they ensure that the parts used in the system can withstand the harsh conditions associated with renewable energy production and operation. Hydropower plants use components like rotors, and wind power plants use shafts and gearboxes.

### KEY DRIVERS OF THE MACHINING MARKET IN NON-AUTOMOTIVE AND INDUSTRIAL SERVICES



#### Aerospace

An average commercial aircraft contains ~300 structural machined parts and numerous machined engine parts. Additionally, machined products provide precision quality in aerospace applications. In defence applications, aircraft which require complex structural machined and forged parts find usage.



#### Power Transmission

Forged and machined power transmission components are used in critical load and safety applications to provide the longest possible product life and to reduce the risk of failure.

Components include braking yokes, steering components, input/output shafts, shifting forks, dogs and pawls, driveshaft yokes, axles, collars, pinions, spindles, input/output shafts, and clutch hubs, among other things.



#### Nuclear Power

The nuclear power industry uses forged and machined parts for reactors, storage of nuclear waste, raw material, and transport. The rise in nuclear power instead of conventional power sources drives the machining market.



#### Renewable Energy

Machined components are essential for the renewable energy industry, as they provide the robust, durable parts needed to support renewable energy systems.

Hydropower plants use machined components like Pelton discs and Pelton buckets, and wind power plants use machined components like shafts, casing, and planetary gearboxes.



#### Industrial Equipment

Large machined forgings are used in various industrial equipment and machinery utilised by the steel, textile, paper, power generation, transmission, chemical, and refinery industries. Common configurations include bars, blanks, blocks, connecting rods, cylinders, discs, elbows, rings, Ts, shafts, and sleeves.



#### Defence

Machined components are found in every defence implement, from rifle triggers to nuclear submarine drive shafts. Heavy tanks, missiles, armoured personnel carriers, shells, and other heavy artillery are common defence-related applications of forged components. Machined components used in the defence sector are motor housings, gear components and fuel pumps.



## Strategic Priorities

# Paving our Path towards Accelerated Value Creation

Recognising the market's burgeoning opportunities, we have strategically positioned ourselves by harnessing our in-house R&D capabilities, forming robust partnerships, and leveraging our cost-effective proposition to tap into India's emergence as a global manufacturing hub. By implementing our key strategies, we intend to fortify our position as a foremost forging and machining component Company.



### Leverage in-house engineering and product development capabilities to grow our product portfolio and tap into growing business opportunities in the industrial markets. **S1**

- We manufacture forged and precision-machined components with a focus on industries such as defence, power generation, oil and gas and wind turbines to advance our position in the value chain.
- Our Company has already started supplying various components, including crankshafts for power generation industries, planetary carriers and pinion shafts for wind turbines gearboxes and front axles for electric buses in FY 2022-23.
- We plan to manufacture precision components for industrial applications by leveraging its newly installed 14,000 tonne press. This strategy will allow us to forge heavier and more complex parts weighing up to 250 kgs.
- We intend to add new solutions for cutting heavy transmission gear in machining and forgings up to one tonne.

### Increase our wallet share and acquire new business by leveraging existing OEM relationships and adding new customers **S2**

- We endeavour to capture business opportunities from existing and new customers by leveraging our long-term relationships with existing OEMs and our capabilities to offer a wide range of solutions for machining and forging.
- We have recently started supplying 195 kg front axle beams to an Indian automotive manufacturing company for their electric buses. This addition allows us to diversify into new businesses, expand our customer base and increase revenue streams.

### Capitalise on increasing demand from international markets to grow exports **S3**

- We are targeting new businesses globally, which were imported from China and Europe earlier. Furthermore, we will cross-sell products and offer the same product to additional customers' locations.
- We have successfully initiated the supply of crankshafts to an off-highway vehicle manufacturer and gears and pinion shafts to a wind turbine gearbox manufacturer. This expansion has enabled us to forge valuable partnerships with counterparts in diverse global regions, extending our reach beyond India.

### Expand capacity at our existing manufacturing facilities **S4**

- We invested in new machinery and equipment for additional capacity for forging and machining operations to further scale our operations.
- We further commissioned a new 6,300-tonne forging press line, expected to be installed by June 2024.

### Continue to reduce operating costs and improve operational efficiencies **S5**

- We invested in line automation and robotics, installed solar panels, implemented measures to reduce lead time in manufacturing processes, improved inventory management, and controlled excess consumption and wastage.
- We are committed to further optimising production processes by improving engineering capability, debottlenecking critical production processes, increasing the flexibility of the manufacturing system and minimising scrap during production.

### Grow inorganically through strategic acquisitions and alliances **S6**

- Our strategic focus is actively seeking and evaluating opportunities aligning with our growth strategy. We are committed to targeting entities and initiatives that create synergies in new end-markets, geographic regions, customer segments, or product lines.
- In both 2008 and 2022, we executed strategic moves by acquiring and relocating crankshaft production lines from reputable automotive manufacturers in Sweden and Germany. This strategic decision allowed us to diversify our product offerings and expand our capabilities to manufacture crankshafts for diverse applications.

## Feature Story

# EXPANDING HORIZONS TO CAPITALISE ON GROWTH

We started our journey manufacturing products such as forged bicycle pedals, camshafts, bull gears, and semi-machined transmission parts.

Basis our customer requirements over the years and the matched skill set of delivering high-engineering products, we ventured into higher precision, strength, and durability sectors.

This approach led to a diverse portfolio, including machined parts like crankshafts, transmission components and suspension products for vehicles across commercial, farming, and off-highway vehicles.

Subsequently, we extended our reach to sectors such as oil, gas, power transmission, railways, wind turbines and exports.

As of 31<sup>st</sup> March, 2023, our forging capacities include 14,000-tonne and 8,000-tonne press lines, 4,000-tonne TMP Mechanical Press Line, 2,500-tonne Forging Screw Press Line, Six tonnes Pneumatic Hammer Line, Seven Drop

Hammer Lines: 1.5 tonnes, 2 tonnes, 2.5 tonnes, 3 tonnes, 3.5 tonnes, 4.5 tonnes, and a 6,300-tonne Forging Press Line (under commissioning).

Added to these, our machining division includes dedicated lines for Crankshafts to manufacture over 1 million products per annum, dedicated lines for Front Steering Knuckles to manufacture over 2,00,000 products per annum, lines for Differential cases to manufacture over 2,00,000 products per annum, dedicated lines for Gear Blank Turning & Machined Hubs to manufacture over 2,00,000 products per annum, exclusive Line for Front Axle Beam & Railway Components,

dedicated Assembly Line for Suspension Linkage Assembly. We persistently explore new avenues, adding value-driven products to our portfolio and enhancing margins and profits.

As the market expands, established players like us are ready to capture market share in this historically unorganised industry. The growth potential is immense, given the scope of applications across various sectors, including automotive and non-automotive. We are capitalising on emerging opportunities and cementing our position as industry leaders.

## FORGED BICYCLE PEDALS

PRODUCT WEIGHT  
450-550 GM



### THE EVOLUTION

1979

INDUSTRY SERVED  
Bicycle

DELIVERY TERMS  
Forged

## FORGED CAMSHAFTS

PRODUCT WEIGHT  
2.5 KG



1981

INDUSTRY SERVED  
Portable gensets

DELIVERY TERMS  
Forged

## FORGED BULL GEARS AND SEMI-MACHINED TRANSMISSION PARTS

PRODUCT WEIGHT  
30 KG



1996

INDUSTRY SERVED  
Farm equipment

DELIVERY TERMS  
Forged and rough machined

## FORGED ENGINE AND AXLE COMPONENTS

PRODUCT WEIGHT  
30-80 KG



2007-2015

INDUSTRY SERVED  
Farm equipment and commercial vehicles

DELIVERY TERMS  
Forged

## FULLY-MACHINED PRODUCT

PRODUCT WEIGHT  
10-210 KG



2015-2019

INDUSTRY SERVED  
Farm equipment, commercial and industrial vehicles

DELIVERY TERMS  
Fully machined

## FULLY-MACHINED HEAVY RANGE OF CRANKSHAFTS, PINION SHAFTS, PLANETARY CARRIERS, AND VALVE BODIES

PRODUCT WEIGHT  
84-200 KG



2019-2023

INDUSTRY SERVED  
Farm equipment, commercial vehicles, off-highway, wind turbines, oil and gas, and power generation

DELIVERY TERMS  
Fully machined



## Operational Review

# Driven by Efficiency

The demands of the forgings industry vary over time and continually call for integrating new technologies and processes to keep up with the changing requirements. At Happy Forgings, we are dedicated to meeting these demands through continual investments in cutting-edge technology, enabling us to expand our capacity and remain at the forefront of the industry's evolving needs. We operate two manufacturing facilities at Kanganwal and one at Dugri in Ludhiana, Punjab.

As of 31<sup>st</sup> March, 2023, we are the fourth-largest engineering-led manufacturer in India based on our forgings capacity. We specialise in producing complex and safety-critical heavy forged and high-precision machined components.

We have three manufacturing facilities across Ludhiana in Punjab – two in Kanganwal and one in Dugri. While one manufacturing facility in Kanganwal exclusively focuses on forging operations, the others concentrate on both forging and machining lines.

## Key Operational Processes and Strengths

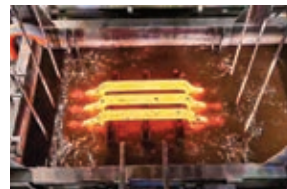


### Forging

Our manufacturing process begins with steel bars meticulously cut into smaller billets through sawing techniques. These billets are then precisely heated and subjected to forging processes that exert immense pressure, shaping them into high-strength components.

Our extensive forging capabilities feature state-of-the-art automated presses and hammers.

Our equipment inventory comprises a 14,000-tonne mechanical forging press, three 8,000-tonne mechanical forging presses, a 4,000-tonnes mechanical press, a 2,500-tonne forging screw press, a six-tonne pneumatic hammer, and seven drop hammers between 1.5 and 4.5 tonnes.



### Heat Treatment

After producing forged components, our products undergo a crucial heat treatment process to achieve the required specifications for microstructure and hardness, among other factors.

Our heat treatment operations are equipped with the advanced technology and equipment to provide precise and effective heat treatment processes for our products.

We utilise furnaces such as continuous quenching and tempering lines and special heat treatment lines for micro-alloy grades.



### Shot Blasting

After completing the forging process, the components undergo shot blasting, a surface treatment process, which is an essential step. It involves directing high-velocity steel abrasive shots in a controlled manner onto the surface that needs treatment.

This process gives the components a clean and uniform surface, free from contaminants or imperfections. It also ensures a long-lasting and durable finish by improving the adhesion of subsequent coatings and finishes.



### Machining

Machining involves transforming raw forgings into finished components with precise specifications regarding size, shape, and other performance parameters.

Our manufacturing facilities have crankshaft machining lines capable of producing the entire crankshaft—from the forging stage to the fully finished stage. Further, we have machining capabilities such as turning, drilling, and grinding machines for steering knuckles, axle beams, and differential cases.

Additionally, we conduct rough machining of transmission components tailored to various applications, employing turning and milling machines for this purpose.



### Surface Treatment

The parts undergo specific surface treatments to optimise their performance and durability.

These include phosphating, dip painting and spray painting, which result in improved product life, increased wear resistance, refined surface finish, and stronger corrosion resistance.



### Inspection and Quality Control

We have tools and equipment to verify the integrity of the products manufactured as per control plans.

We have a metrology room equipped with advanced machines, such as coordinate measuring machines, that enable us to measure complex parts' dimensions accurately.

Furthermore, we conduct non-destructive testing to identify potential defects in our products without causing any harm to them.



### Die-design and Manufacturing

Our manufacturing facilities feature CNC vertical machining for precise die production. This method gives us control over the die-design process and supports us in creating complex components with closed tolerances in alignment with the required specifications.

We have also invested in CAD and CAM software to improve equipment utilisation and material efficiency, upgrade our forging process and reduce lead times.



### Metallurgical Testing

The use of advanced metallurgical testing equipment helps us maintain product quality. We use a Thermo Fisher spectrometer for elemental analysis of our raw materials and finished products, an Olympus digital microscope for high-resolution imaging, and a Spectro analytical instrument for real-time material composition analysis.

We also use image analysis software and a microscope for microstructure analysis and to perform tensile and impact testing for mechanical properties.

Non-destructive testing is done using an ultrasonic metascope, and we have digital Rockwell, Brinell, and Vickers hardness testing machines. Further, we use eddy current, ultrasonic, and magnetic particle inspection testing to detect surface cracks and defects.



## Operational Review

### Enhancing Operational Efficiency



#### Line Automation and Robotics

We have invested in line automation and robotics to eliminate human intervention in repetitive tasks. This approach has led to a reduction in labour costs and an increase in production efficiency. We have ten robots installed across all our manufacturing facilities.



#### Solar Panels

Solar panels help us reduce reliance on traditional energy sources. We have installed 5 MW solar power plants and 1,600 kAVR hybrid APFC panels across all our manufacturing facilities to minimise energy waste and improve power factor.



#### Reduction in Lead Time

We have implemented measures to reduce the lead time in our manufacturing processes. This strategy includes optimising production processes and reducing rework, improving production efficiency.



#### Leveraging our Sourcing Networks

We have leveraged our sourcing networks to minimise raw material costs through bulk purchases.



#### Improving Inventory Management

We have improved our management process to optimise transportation costs and streamline the process of raw material procurement and product delivery.



#### Controlling Consumption and Wastage

We have implemented effective supervision of manufacturing processes to control consumption and wastage.



### Raw Material Management

Our principal raw material is steel, which we source from our suppliers per purchase orders.

We procure raw materials from our suppliers through purchase orders, emphasizing that we do not establish purchase agreements or firm commitments with them. All incoming raw materials undergo stringent quality checks, and we retain the right to decline any substandard materials received.

Additionally, we maintain the right to seek compensation for any rejections resulting from subpar steel.

CORPORATE OVERVIEW

STATUTORY REPORTS

FINANCIAL STATEMENTS



### Quality Management

Maintaining stringent quality standards in the precision components manufacturing sector is imperative to prevent deviations that might risk order cancellations and impact our reputation. We have a robust quality control framework to ensure strict adherence to quality standards.

Our approach involves thorough product inspections at each phase of the

manufacturing process to identify and rectify any potential defects that may get carried over from earlier stages.

Moreover, our customer representatives regularly inspect our manufacturing facilities and processes, ensuring adherence to their requirements. For quality assurance, we have dedicated

teams of engineers responsible for this aspect of our operations.

These measures collectively guarantee that our products consistently meet the highest quality standards and align with customer specifications, safeguarding our reputation and sustaining customer satisfaction.



**IATF 16949:2016**  
Quality Management  
System Certification for  
Automotive Suppliers



**ISO 14001:2015**  
Environment  
Management System



**ISO 45001:2018**  
Occupational Health and  
Safety Management System



**IATF 16949:2016**  
Quality Management  
System Certification for  
Automotive Suppliers



**ISO 9001:2015**  
Quality Management  
System



**ISO 14001:2015**  
Environment Management  
System



**ISO 45001:2018**  
Occupational Health and  
Safety Management System



At Happy Forgings, we are committed to environmental stewardship and sustainability with an undeterred focus on optimisation of resource utilisation, waste reduction and recycling and minimising our ecological impact through innovative initiatives.



## Environment

# TOWARDS A GREENER TOMORROW

### Utilising Alternate Sources of Energy

We have installed solar power plants at all our manufacturing facilities, demonstrating our commitment to environmental responsibility. This exemplifies a significant step towards reducing our carbon footprint and promoting clean energy practices.

## 5 MW

Solar power plants installed at our manufacturing facility



### Energy-saving Initiatives

- The installation of a 1,600 kVAR Hybrid Automatic Power Factor Control (APFC) Panel is set to enhance our power factor, curbing energy wastage.
- Our commitment to energy-efficient lighting led to replacing halogen lights with LED fixtures, resulting in a remarkable reduction in electricity consumption per light, from 1.5 kW to 1.2 kW.

- We have redesigned our heat treatment facility, transitioning from low-sulphur fuel oil to cleaner LPG (Liquefied Petroleum Gas).
- As part of our sustainability drive, we are replacing all oil fired furnaces on forging lines required for billet heating with electric heating systems to reduce use of furnace oil in Dugri Plant.

These initiatives emphasise our dedication to eco-friendly manufacturing practices and operational efficiency.

**1,600 kVAR**  
Hybrid APFC penalty power factor correction system was installed



### Water Conservation

We source our water supply primarily from outside resources or local utility companies for most manufacturing facilities. However, we employ a sustainable approach in specific locations by utilising our own bore wells to meet our water needs. This strategic diversification of water sources ensures reliability and continuity in our operations while reducing our dependence on external supplies.

### Waste Reduction

We have started initiatives for paper recycling.

### Dust Emission

We have switched to new technology for Shot Blast Machines fitted with dust collection bags, reducing ambient dust pollution.



We value and prioritise our human resources and focus on improving our human resource management to enhance their skills and promote diversity and inclusivity.

Our HR systems aim to establish an environment supporting our employees' growth and provide them with improved prospects. Furthermore, we have outlined robust policies that help define workplace conduct and address any challenges that may arise.



## Social – People

# COMMITTED TO OUR HUMAN CAPITAL



## Human Resources

As of 30<sup>th</sup> June, 2023, Happy Forgings employed 3,029 permanent staff members. Additionally, we engage independent contractors who oversee on-site contract labour to help with specialised ancillary tasks. As of the same date, we had 110 contract labourers as part of our operations.

### Team Composition

25

Accounts

5

Directors

113

Human resources and administration

207

Engineers

2,653

Operations

26

Purchases and stores

3,029

Total permanent staff members

## Talent Management

Our HR strategies attract talented individuals, fostering their growth and mitigating their concerns. We organise learning and developmental initiatives for our workforce to promote leadership skills and welcome fresh talent. Our commitment led us to hire graduate engineering trainees and executives at different levels through campus recruitment and direct hiring.

We are committed to equipping our employees with the necessary skills



in our manufacturing processes, encompassing efficient machine operation, streamlined workflow, meticulous quality control, and a steadfast commitment to workplace safety. Our human resource division consistently dedicates its efforts to maintaining high employee engagement and motivation levels, significantly contributing to the realisation of our organisation's strategic objectives.

## Health and Safety

We comply with all relevant legal regulations and statutes aimed at safeguarding the health and well-being of our employees. Our operations adhere to established work safety standards, and our working conditions promote a healthy and secure work atmosphere.

To proactively minimise the scope of accidents and environmental impact within our manufacturing facilities, we have taken several measures.

## Measures

We have a comprehensive employee safety manual, encompassing safety protocols and environmental procedures. These manuals are consistently maintained and updated to reflect evolving standards.

We conduct regular hazard identification and risk assessments, ensuring our operational activities are subject to ongoing evaluation and adjustment.

We undertake extensive training and awareness programmes for our employees. These programmes include training related to machinery operation, various shop-floor activities, and instruction on first-aid techniques and emergency protocols.

We are enforcing a systematic framework of routine employee safety audits, management review meetings and scheduled employee safety gatherings to evaluate and optimise safety measures.

We periodically conduct emergency simulation drills across our facilities, allowing us to assess our readiness and refine our response strategies.

44%

Reduction in lost time injuries from FY 2021-22 to FY 2022-23

## Diversity and Inclusion

At Happy Forgings, we have implemented transparent policies and ethical guidelines to promote diversity and inclusion. We aim to cultivate a safe workplace culture where employees can embrace their identities, free of discrimination.

To encourage peer communication, we have established an employee forum, a platform for our team to exchange insights and innovative ideas. We have also implemented a policy for our employees to contribute their suggestions towards improving the organisation.



We have showcased our dedication to social responsibility through a series of impactful CSR initiatives, reflecting our firm commitment to positively impacting the communities we operate in and the environment.



Social – Community

# EMPOWERING OUR COMMUNITIES



## 1 Building Bright Futures

To promote quality education, we adopted a government primary school in Kanganwal, Ludhiana, striving to empower young minds with knowledge and create opportunities for their growth and development.

## 2 Promoting Green and Clean Values

Embracing the 'clean and green' ethos, Happy Forgings has also undertaken the responsibility of adopting a public park in Sarabha Nagar, Ludhiana, nurturing green spaces for the local community's well-being.



## 3 Breathing Life into Communities

We contributed to healthcare by supporting the establishment of an oxygen plant at Christian Medical College Ludhiana, reinforcing our dedication to positively impacting society.

## 4 Donation for NGS Machine at DMC, Ludhiana

We played a significant role in sponsoring the NGS Machine for the Molecular Genetics Laboratory, aiding their mission to save more lives. This partnership was a cooperative effort with Dayanand Medical College and Hospital.





At Happy Forgings, our success depends on the expertise and knowledge of our experienced management team. We uphold ethical standards and manage risks to protect stakeholder interests.

Backed by an experienced Board and our reputation for maintaining the best governance standards, we have earned the trust of esteemed investors and achieved strong credit ratings.

Our commitment to transparency and accountability is evident through our trusted audit firm and independent internal auditor.



## Governance

# SETTING THE GOLD STANDARD OF GOVERNANCE



As an organisation, we value corporate practices and take pride in our multi-level accountability and monitoring structure.

Our dedicated CSR committee, Audit Committee, nomination and remuneration committee, IPO committee, stakeholder relationship committee, risk management committee, and Independent Directors' meeting ensure robust governance and ethical decision-making.

To address grievances, we have formed a robust grievance redressal framework, managing and resolving concerns efficiently for timely and effective resolution.

As part of our commitment to maintaining a safe and respectful workplace, we have established a Prevention of Sexual Harassment (POSH) Committee. It is responsible for addressing and resolving any complaints regarding sexual harassment within

defined timelines, ensuring that we take the appropriate actions to address and rectify such matters.

In addition, we provide comprehensive training to our employees, acquainting them with our Code of Conduct, which outlines our ethical expectations. We have also implemented an anti-corruption policy to monitor and mitigate corruption within our Company.

Our combined employee strength of ~3,029 is a testament to our sound employee practices. Since our establishment, we have consistently upheld harmonious relationships with our workforce, with no history of lockout, formal trade unions, or labour unrest.

## Governance Pillars

- Experienced management team with deep domain knowledge
- Supported by a seasoned board and the best governance standards
- Reputed investors on the Board
- Robust credit ratings
- Trusted audit firm and independent internal auditor
- Robust multi-level accountability and monitoring structure
- Sound employee practices: No instances of lockouts or labour unrest



## Board of Directors

## Architects of Progress



**Paritosh Kumar Garg**  
Chairman and Managing Director

IPOC | CSRC

- Holds a bachelor's degree in Arts from S.C. Dhawan Government (Evening) College, Ludhiana, Panjab University
- Has over 44 years of experience in the industrial sector
- Involved in the strategic decision-making of Happy Forgings, overseeing the Company's business activities and setting governance standards



**Ashish Garg**  
Managing Director

AC | IPOC | CSRC | SRC | RMC

- Holds a bachelor's degree in Science (Accounting and Finance), and a master's degree in Science (Manufacturing Systems Engineering) from the University of Warwick, United Kingdom
- Has ~17 years of experience in the industrial sector
- Currently manages the Company's business operations, financial performance, growth strategies and investments in different capacities and product developments



**Megha Garg**  
Whole-time Director

IPOC

- Holds a bachelor's degree in Science (Economics) from the University of Nottingham, United Kingdom
- Has ~8 years of experience in the industrial sector
- Currently handles the online digital marketing to engage prospects and capture leads



**Narinder Singh Juneja**  
CEO and Whole-time Director

- Holds a postgraduate diploma course in Mechanical Engineering (Machine Tools Operation and Maintenance) from YMCA Institute of Engineering, State Board of Technical Education, Haryana
- Has over 50 years of experience in the industrial sector





**Prakash Bagla**  
Nominee Director

AC | IPOC | CSRC | SRC | RMC | NRC

- Holds a bachelor's degree in Commerce from University of Calcutta and is an associate member of the Institute of Chartered Accountants of India
- Has 22 years of experience in the finance and private equity sector
- Currently designated as managing director at MO Alternates (investment manager of IBEF III - an investor in Happy Forgings)
- Focuses on businesses in the industrial and niche manufacturing sectors

## Committee

Audit Committee	AC	CSR Committee	CSRC	Risk Management Committee	RMC
IPO Committee	IPOC	Stakeholder Relationship Committee	SRC	Nomination and Remuneration Committee	NRC
 Chairperson	 Member				



**Satish Sekhri**  
Independent Director

AC | CSRC | NRC

- Holds a bachelor's degree in Science (Mechanical Engineering) from University of Delhi, and a master's degree in Business Administration from Department of Commerce and Business Management, Punjab University
- Has more than 48 years of experience in the field of sales and marketing and the industrial sector
- Present on the board of Harita Fehrer Ltd, JK Files and Engineering Ltd and Rico Auto Industries Ltd.



**Vikas Giya**  
Independent Director

AC | SRC | NRC

- Holds a bachelor's degree in Commerce from GGN Khalsa College, Panjab University and is a fellow member of the Institute of Chartered Accountants of India
- Has more than 19 years of experience in the finance sector



**Atul Behari Lall**  
Independent Director

- Holds a master's degree in Management Studies from Birla Institute of Technology and Science, Pilani
- Has 29+ years of experience in the electronics manufacturing services industry
- Currently a managing director and a board member of Dixon Technologies (India) Limited (listed on the exchanges in India)



**Rajeswari Karthigeyan**  
Independent Director

AC | RMC | NRC

- Holds a bachelor's degree in Commerce from University of Madras, a diploma in Systems Management from the Academic Council of National Institute of Information Technology, and an independent director's certificate programme from the Indian Institute of Management, Bangalore
- Has 30+ years of experience in credit ratings covering the auto sector



**Ravindra Pisharody**  
Independent Director

AC | CSRC | NRC

- Holds a bachelor's degree in Technology (Electronics and Electrical Communication Engineering) from Indian Institute of Technology, Kharagpur, a postgraduate diploma in Management from Indian Institute of Management, Calcutta, and a postgraduate programme in Executive Coaching from Coaching Foundation India Limited
- Served on the board of Tata Motors Limited and was a marketing director with BP India Private Ltd.
- Has a total work experience of 38 years

## Committee

Audit Committee	AC	CSR Committee	CSRC	Risk Management Committee	RMC
IPO Committee	IPOC	Stakeholder Relationship Committee	SRC	Nomination and Remuneration Committee	NRC
 Chairperson	 Member				

## Leadership Team

# Leading with Fervour



### Patwinder Singh

Chief Operating Officer

- Holds a bachelor's degree in Science from Guru Nanak Dev University, and a master's degree in Business Administration from CSM Institute of Graduate Studies
- He has 22 years of experience in the operations sector



### Bindu Garg

Company Secretary and Compliance Officer

- Holds a Post Graduate in Commerce and a fellow member of the Institute of Company Secretaries of India
- Qualified Cost and Management Accountant with over 20 years of vast experience in handling corporate laws, legal and taxation matters
- She joined Happy Forgings in 2021 and has been instrumental in sustaining and building Happy Forgings Limited's corporate governance standards



### G. S. Sandhu

Chief Human Resources Officer

- Completed his postgraduate diploma in Human Resources, Personnel Management, and Labour Welfare
- He has over 20 years of rich experience, working with renowned companies looking after HR Management and organisation development
- As the CHRO (Chief Human Resources Officer) at Happy Forgings since 2019, he is responsible for employee practices, and leadership development in addition to managing day-to-day IR and PR activities



### Mehtab Singh Dahiya

Vice-President – Operations (Machining)

- Holds a diploma in mechanical engineering and has 32+ years of rich experience in companies like Amtek Auto, Ring Gear Industries (Benda Amtek), Echlin India Limited and ACIL Ltd
- Part of Happy Forgings team since 1<sup>st</sup> June, 2017
- Spearheaded multiple projects in the Company and responsible for taking the organisation to new heights in terms of increasing production, improving productivity, controlling rejections and many more.



### Pankaj Kumar Goyal

Chief Financial Officer

RMC

- Holds a bachelor's degree in Commerce from Government College, Malerkotla, Panjab University, and is an associate member of the Institute of Chartered Accountants of India
- Has 20 years of experience in the finance sector





### Mangesh Shantaram Purandare

Chief Marketing Officer

- Holds a bachelor's degree in Engineering (Industrial) and a master's degree in Business Administration from University of Pune
- He has 27 years of experience in the marketing sector

## Committee

Audit Committee	AC	CSR Committee	CSRC	Risk Management Committee	RMC
IPO Committee	IPOC	Stakeholder Relationship Committee	SRC	Nomination and Remuneration Committee	NRC
 Chairperson	 Member				



## Risk Management

# Identifying and Mitigating Potential Risks

We are committed to a robust risk management framework that is pivotal to its sustained success. By identifying, assessing, mitigating, and monitoring risks across various business dimensions, we ensure our resilience in a competitive and ever-changing industry. Through diversification, efficient operations, financial prudence, and a focus on sustainability, we stand well-prepared to navigate challenges and embrace growth opportunities.

### Key Risks and our Mitigation Measures

Business Risk	Financial Risk	Operational Risk	Environmental & Regulatory Risk	Technological Risk	Pricing Pressure Risk
Over-reliance on the top-10 customers could result in a significant business loss if they reduce orders or terminate contracts.	Our company faces financial risk due to existing indebtedness, potentially impacting our ability to comply with repayment and other financing agreement covenants, thereby affecting business operations, financial conditions, and cash flows.	We face potential challenges in meeting quality standards that could lead to liability issues. Additionally, our dependence on a limited number of steel suppliers poses a risk of supply disruptions. Furthermore, the possibility of shutdowns or production issues impacting our operations and reliance on third-party transport providers, causing delays and increased costs, are factors that demand careful management.	Given the increasing focus on environmental sustainability and stringent regulations in the manufacturing industry, we must proactively identify and adhere to environmental standards.	Our operations are susceptible to technological failures, potentially disrupting our business processes and negatively impacting our financial performance. Any failures or inefficiencies in our IT infrastructure could lead to transaction errors, processing inefficiencies, and disruptions that may affect our customers and result in financial losses.	Our profitability faces the risk of pricing pressure from customers, adversely impacting our gross margin, profitability, and ability to maintain prices, thus impacting operations, cash flows, and financial conditions.
<b>Mitigation</b> Even though our top-10 customers accounted for 70.08% of our revenues, we did not encounter any significant losses. However, recognising the inherent risk in heavily relying on a select few, we are taking proactive measures. We are gradually diversifying our customer base by actively pursuing new contracts and, at the same time, prioritising the cultivation of strong relationships with our existing customers. These actions aim to ensure our business's sustainability and resilience in the face of potential challenges.	<b>Mitigation</b> We closely monitor our cash flow generation to ensure adequate servicing of debt obligations. Obtaining consent from lenders for our activities mitigates the risk of covenant breaches. Additionally, we maintain essential financial ratios and are open to exploring additional security if necessary, bolstering our financial stability. It is important to note that the quantum of our debt remains relatively low, and its repayment is anticipated through the upcoming IPO. Furthermore, our high debt coverage ratio serves as a significant mitigating factor against these risks, providing a positive outlook for managing and alleviating our financial challenges.	<b>Mitigation</b> We have established stringent quality control measures, invested in employee training, and maintained product liability insurance to meet the highest standards. Simultaneously, we have diversified our supplier relationships and closely monitor the steel market for supply chain stability. In readiness for potential disruptions, we have developed contingency plans, increased facility maintenance efforts, and prioritised employee safety protocols. Additionally, we have diversified our transport options to mitigate transportation challenges, maintain open communication with logistics partners, and explore alternative routes for enhanced operational resilience.	<b>Mitigation</b> We invest in green technologies to reduce its environmental footprint, ensuring compliance with evolving environmental regulations and reducing regulatory risk.	<b>Mitigation</b> To mitigate technological risks, we allocate and effectively manage resources to maintain and enhance our IT infrastructure. We have implemented security initiatives and disaster recovery plans to address vulnerabilities and potential interruptions caused by external events such as natural disasters, cyber threats, and telecommunications failures. We continually review and update these measures to ensure the resilience of our IT systems and minimise the potential impact of technological disruptions on our operations and customer relationships.	<b>Mitigation</b> To counter this risk, we engage in value engineering activities, seek price reductions from suppliers, and continually improve manufacturing processes for greater efficiency and cost reduction. Additionally, we negotiate discounts as needed while focusing on increasing sales volumes to offset customer price reductions. We aim to maintain our profit margins and remain competitive by pursuing these strategies.

## Risk Management



### Internal Control System

At Happy Forgings, internal financial controls are an integral component of our group risk management framework. These controls are crucial to our processes to address financial financial reporting risks. We have diligently documented the critical internal financial controls, automated them wherever feasible, and seamlessly integrated them into our various business processes.

Our systems provide us with reasonable assurance regarding the adequacy and effective operation of our internal financial controls, precisely as intended. We have

tailored our internal control system according to the nature of our business, the size and complexity of our operations, and our internal financial controls concerning the financial statements are deemed sufficient. These controls undergo regular testing and certification by our internal auditors.

Any significant audit findings and subsequent actions get promptly reported to our diligent audit committee. We have meticulously designed our internal control system to ensure the reliability of our financial and other records for

preparing financial statements and to maintain strict accountability of our assets.

Furthermore, we proactively plan our internal audit programme, aligning it with the most critical areas and the overarching business objectives of our Company. Every internal audit report undergoes a thorough review by our dedicated audit committee regularly.

# Corporate Information

### Board of Directors

#### Paritosh Kumar Garg

Chairman and Managing Director

#### Ashish Garg

Managing Director

#### Megha Garg

Whole-time Director

#### Narinder Singh Juneja

CEO and Whole-time Director

#### Prakash Bagla

Nominee Director

#### Satish Sekhri

Independent Director

#### Vikas Giya

Independent Director

#### Atul Behari Lall

Independent Director

#### Rajeswari Karthigeyan

Independent Director

#### Ravindra Pisharody

Independent Director

### Key Managerial Personnel

#### Mr. Pankaj Goyal

Chief Financial Officer

#### Ms. Bindu Garg

Company Secretary and Compliance Officer

### 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 2022-23

TO THE MEMBERS,  
HAPPY FORGINGS LIMITED

Your Directors have the pleasure in presenting the 44<sup>th</sup> Annual Report on the business, operations and other activities of the Company together with the Audited Financial Statements for the year ended 31<sup>st</sup> March, 2023.

## 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)	
	FY 2022-23	FY 2021-22	FY 2022-23	FY 2021-22
Net sales/Income from operations	1,19,652.88	86,004.53	1,19,652.88	86,004.53
Other income	575.12	605.85	574.17	605.85
Total income	1,20,228.00	86,610.38	1,20,227.05	86,610.38
Less: interest	1,247.58	715.88	1,247.58	715.88
Less: other expenses	85,559.26	62,915.76	85,559.05	62,915.94
Profit before depreciation	33,421.16	22,978.74	33,420.42	22,978.56
Less: depreciation	5,418.24	3,774.18	5,418.24	3,774.18
Profit before tax	28,002.92	19,204.56	28,002.18	19,204.38
Share of net profit/loss of associate company	0	0	0.48	0.47
Profit before tax	28,002.92	19,204.56	28,002.66	19,204.85
Less: Current income tax	6,854.27	4,691.64	6,854.21	4,691.64
Less: Previous year tax adjustment	(9.17)	17.48	(9.17)	17.48
Less: Deferred tax	287.71	267.24	287.70	267.24
Net profit after tax	20,870.11	14,228.20	20,869.92	14,228.49
Dividend paid	0	0	0	0
Net profit after dividend	20,870.11	14,228.20	20,869.92	14,228.49
Amount transferred to reserves	0	0	0	0
Balance carried to balance sheet	20,870.11	14,228.20	20,869.92	14,228.49
Earnings per share (basic)	23.32	15.90	23.32	15.90
Earnings per share (diluted)	23.32	15.90	23.32	15.90

## 2. State of Company's Affairs

### Standalone Results

The revenue from operations increased by 39% from ₹ 860 crores in the Financial Year (FY) 2021-22 to ₹ 1197 crores in FY 2022-23. Increase in revenues was driven by both increase in volumes by 17% and increase in average realisations by 15%. The increase in average realisation resulting in to from both the factors i.e. higher contribution from machining products & export sales (both commanding higher realisations) along with increase in steel prices.

The Earnings before Depreciation, Interest and Tax ("EBITDA") stood at ₹ 341 crores in FY 2022-23 as compared to ₹ 231 crores in FY 2021-22 witnessing a growth of 48% on a y-o-y basis. EBITDA margins improved to 28.5% in FY 2022-23 as against 27% in FY22.

Profit before tax stood at ₹ 280 crore in FY 2022-23 as compared to ₹ 192 crore in FY 2021-22 showing a growth of 46%.

### Consolidated Results

During the year company taken exit from Investment made in Linchpin Technologies Private Limited by way selling its shareholding in Linchpin to VVDN Technologies P Ltd.

### 3. Dividend

The Board of Directors of the Company have recommended final dividend @ 65% i.e. ₹ 1.30 per share of face value of ₹ 2/- for the FY 2022-23 (previous year NIL) subject to the approval of the shareholders. This will be paid to the eligible members as on 8<sup>th</sup> August 2023.

### 4. Transfer of Unclaimed Dividend to Investor Education and Protection Fund

Since, no dividend was declared and paid by the Company in previous year, 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

There was no change in share capital during the year under review.

## 6. Subsidiary and Associate Companies

During the year under review, Happy Forgings disinvested into equity shares of M/s Linchpin Technologies Private Limited and hence M/s Linchpin Technologies Private Limited is no more a associate Company. There is no subsidiary Company of M/s Happy Forgings Limited.

Your Company does not have any Subsidiary Company and there was no change in this position during the Financial Year.

## 7. 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 these financial statements relate on the date of this report.

## 8. Business Excellence and Quality

Business Excellence is described as outstanding practices in managing the organisation and achieving results, all based on a set of fundamental concepts or values. Business Excellence (BE) is about developing and strengthening the management systems and processes of an organisation to improve performance and create value for stakeholders. 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.

## 9. Occupational Health and Safety Management

An occupational health and safety management system (OHSMS) encompasses more than just your health and safety programme. It includes health and safety policies, systems, standards, and records, and involves incorporating your health and safety activities and programme into your other business processes. 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 programmes.

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

## 9. Internal Financial Controls

Internal Financial Controls are an integral part of the Group Risk Management framework and processes that address financial as well as financial reporting risks. The key internal financial controls have been documented, automated wherever possible and embedded in the respective business processes.

The Company believes that these systems provide reasonable assurance that the Company's internal financial controls are adequate and are operating effectively as intended.

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. These are routinely tested and certified by Statutory as well as Internal Auditor. Significant audit observations and follow-up actions are reported to the Audit Committee. 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.

## 10. Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo

As required by the Companies (Accounts) Rules, 2014 the relevant data pertaining to conservation of energy, technology absorption and foreign exchange earnings and outgo are given in the Annexure - I forming part of this Report.

## 11. Risk Management

Risk Management is the process of identification, assessment and prioritisation of risks followed by coordinated efforts to minimise, monitor and mitigate/control the probability and/or impact of unfortunate events or to maximise the realisation of opportunities. The Company has a structured Group Risk Management

## Board's Report 2022-23 (Contd.)

Framework, designed to identify, assess and mitigate risks appropriately.

The Risk Management Committee has been formed on 31<sup>st</sup> July, 2023 entrusted with the responsibility to assist the Board in:

- framework for identification of internal and external risks specifically faced by the Company, in particular including financial, operational, sectoral, sustainability (particularly, Environmental, Social and Governance (ESG) related risks), information, cyber security risks or any other risk as may be determined by the committee;
- measures for risk mitigation including systems and processes for internal control of identified risks; and
- business continuity plan.

### 12. Particulars of Loans, Guarantees or Investments Made Under Section 186 of the Companies Act, 2013

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.

### 13. 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.

### 14. 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 and the criteria for determining qualifications, positive attributes and independence of a Director. The appointment of the Directors and Key Managerial Personnel are done as per the policy.

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. The Nomination and Remuneration policy is attached as Annexure -3

### 15. Composition of Board and the Board Meetings

Dates for Board Meetings are well decided in advance and communicated to the Board. The Board meets at regular intervals to discuss and decide on Company/ business policy and strategy apart from other Board businesses. However, in case of a special and urgent business need, the Board's approval is taken by way of Board Meeting through shorter notice or by passing resolutions through circulation, as permitted by law, which are noted in the subsequent Board Meeting. 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	26 <sup>th</sup> May, 2022	9	7
2	6 <sup>th</sup> September, 2022	10	10
3	17 <sup>th</sup> December, 2022	10	8
4	30 <sup>th</sup> March, 2023	10	8

As on 31<sup>st</sup> March 2023, the Board consists of ten directors having an optimum combination of Executive, Non-Executive and Independent Directors. All the directors possess vast knowledge and experience and represent professionalism.

### 16. Committees of the Board

The Companies Act 2013 mandates a company to form certain Board Committees in order to have a focused 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. Committees are usually formed as a means of improving board effectiveness and efficiency, in areas where more focused, specialised and technical discussions are required. These committees prepare the groundwork for decision-making and report at the subsequent board meeting. Committees enable better management of full board's time and allow in-depth scrutiny and focused attention. Hence, your Company has constituted the following committees as per the defined scope and the role:

- Audit Committee
- Nomination and Remuneration Committee
- 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 as on the date of this report include:

Mrs. Rajeswari Karthigeyan (Chairperson , Independent Director)

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 five times, i.e. on 26<sup>th</sup> May, 2022, 6<sup>th</sup> September 2022, 17<sup>th</sup> December 2022, 7<sup>th</sup> March 2023 and 30<sup>th</sup> March 2023

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. The Audit Committee shall have an oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible; review with the management, the annual financial statements before submission to the Board for approval; approval for related party transactions and reviewing the same , review the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit; have discussion with Internal Auditors, any significant findings and follow up thereon, etc.

#### 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 (Independent Director, Chairperson)

Mr. Vikas Giya (Independent Director)

Mrs. Rajeswari Karthigeyan ( Independent Director)

Mr. Prakash Bagla (Nominee Director)

Mr. Ravindra Pisharody (Independent Director)

During the year under review, the Nomination and Remuneration Committee met two times i.e. on 6<sup>th</sup> September 2022 and 30<sup>th</sup> March 2023

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: <https://happyforgingsltd.com/downloads/>

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

The Nomination and Remuneration Committee has been entrusted with the responsibility to formulate criteria for determining qualifications, positive attributes and independence of a director and recommend to the board a policy, relating to the remuneration for the directors, key managerial personnel, and other employees; to ensure that level and composition of remuneration is reasonable and sufficient, relationship of remuneration to performance is clear and meets performance benchmarks; To carry out evaluation of every director's performance and recommend to the board his/her appointment and removal based on the performance, etc.

#### 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 and Managing Director, Chairperson)

Mr. Ashish Garg (Managing Director)

Mr. Prakash Bagla (Nominee Director)

Mr. Satish Sekhri (Independent Director)

Mr. Ravindra Pisharody (Independent Director)

The CSR committee has met thrice in the financial year i.e. on 26<sup>th</sup> May, 2022, 6<sup>th</sup> September 2022 and 30<sup>th</sup> March 2023 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://happyforgingsltd.com/downloads/>



## Board's Report 2022-23 (Contd.)

The company as per its CSR Policy has made an expenditure of ₹ 214.56 Lacs (Rupees two crores fourteen Lacs and fifty-six thousand only), towards Environmental sustainability, Education, health care promotion and animal welfare against the obligated amount of ₹ 271.55 Lacs.

The company had adopted a Government school at a village in Kanganwal, Ludhiana in FY 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 only) was transferred to unspent account after close of FY 2020-21 which would be used for this project. During the year under review, the company has spent remaining ₹ 34.92 Lacs out of unspent account of FY 2020-21. This project was further extended during the year under review and amount of ₹ 70.02 Lacs was spent on school project out of current year's obligation and an unspent amount of ₹ 56.99 Lacs which remained unspent at the close of FY 2022-23 was transferred to unspent CSR account for FY 2022- 23 ( actual amount transferred was ₹ 60 Lacs) to be spent in FY 2023-24.

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.

### 17. 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 deal with instances of fraud and mismanagement and to report concerns about unethical behaviour. This framework provides for adequate safeguards against victimisation of persons who complain under the mechanism.. 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: <https://happyforgingsltd.com/downloads/>

### 18. Annual Return

Pursuant to Section 92(3) read with Section 134(3) (a) of the Act, the Annual Return as on 31<sup>st</sup> March, 2023 is available on the Company's website: <https://happyforgingsltd.com/downloads/>

### 19. Internal Control Systems and Their Adequacy

The Company has in place adequate internal financial controls with reference to Financial Statements, in the opinion of the Board of Directors. Also, the Company has a proper system of internal controls to ensure that all

assets are safeguarded and protected against loss from unauthorised use or disposition and that transactions are authorised, recorded and reported correctly. These are routinely tested and certified by Statutory as well as Internal Auditor. Significant audit observations and follow-up actions are reported to the Audit Committee. During the period under review, such controls were tested and no reportable material weakness in the design or operation was observed.

### 20. 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:

- in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
  - the directors had selected such accounting policies and applied them consistently and made judgements 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;
  - 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;
  - the directors had prepared the annual accounts on a going concern basis; and
  - 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.
- 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.

### 21. Deposits

Your Company has not accepted any deposits covered under Chapter V of the Companies Act, 2013, consequently no amount on account of principal or interest on deposits was outstanding as on the date of the balance sheet or this report and hence no details

pursuant to Rules 8 (v) and (vi) of the Companies (Accounts) Rules, 2014 are reported. The requisite returns have been filed.

### 22. Directors and Key Managerial Personnel Appointment/Re-appointment

In accordance with provisions of the Act and the Articles of Association of the Company, Mrs Megha Garg (DIN 07352042), Whole Time Director (Non-Independent) and Mr Narinder Singh Juneja (DIN 00393525), Whole Time Director (Non-Independent) retire by rotation at the ensuing AGM and being eligible offer themselves for re-appointment.

Mrs Rajeswari Karthigeyan (DIN: 10051618) 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 30<sup>th</sup> May, 2023 upto 29<sup>th</sup> May, 2028, subject to approval of Members at this AGM. She 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 her appointment for five years.

Mr Atul B. Lall (DIN: 00781436) 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 31<sup>st</sup> July, 2023 upto 30<sup>th</sup> July, 2028, 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, Mrs Rajeswari Karthigeyan and Mr Atul B. Lall 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 30<sup>th</sup> March 2023.

### Key Management Personnel

Mr. Pankaj Kumar Goyal is the Chief Financial Officer of the Company Ms. Bindu Garg is the Company Secretary and Compliance officer of the Company

## AUDITORS

### I. Statutory Auditor

At the 42<sup>nd</sup> Annual General Meeting of the Company held on 30<sup>th</sup> 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 46<sup>th</sup> Annual General Meeting to be held in the year, 2025

The Auditors' Report for FY 2022-23 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 F.Y. 2022-23. The Secretarial Audit Report for the financial year ended 31<sup>st</sup> March, 2023 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 FY 2022-23.

### 23. Maintenance 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 FY 2021-22 as filed with Ministry of Corporate Affairs well within prescribed timelines.

### 24. 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.

### 25. 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

No sub division of the Equity shares happened during the year under review

## Board's Report 2022-23 (Contd.)

## Annexure - 1

**d. Bonus Shares**

No bonus shares were issued during FY 2022-23

**e. Employees Stock Option Plan**

The Company has not provided any stock options to the employees during FY 2022-23. However, the first grant of ESOP was made in the NRC meeting held on 31<sup>st</sup> July, 2023.

**26. 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.

**27. Human Resources**

For Sustainable growth, employee satisfaction and organisational effectiveness, Happy Forgings Limited deems it necessary to have a human resource policy that encompasses the policies and procedures followed within the organisation keeping in mind the vision and goals. Also, the Company's focus is to improve the overall work culture, increase in effectiveness and efficiency and employee engagement and development.

**28. Details of Significant and Material Orders Passed by Regulators or Courts or Tribunals Impacting the Going Concern Status and Company's Operations in the Future**

During the year under review, there were no material and significant orders passed by the regulators or courts or tribunals impacting the going concern status and the Company's operations in future.

**29. Disclosures Under Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013**

The Company is committed to provide a safe and conducive work environment to its employees. Further, the Company has zero tolerance towards sexual harassment at the workplace. 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 and the Company is not in contravention of any of the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. Training/awareness programmes are conducted throughout the year to create sensitivity towards ensuring respectable workplace.

**30. Compliance with Secretarial Standards**

The Company has followed the applicable Secretarial Standards, i.e. SS-1 and SS-2, relating to 'Meetings of the Board of Directors' and 'General Meetings' respectively.

**31. 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**

(Chairman and Managing Director)

DIN 00393387

**Mr. Ashish Garg**

(Managing Director)

DIN 01829082

Date: 8<sup>th</sup> August, 2023

Place: Ludhiana

36-K, Sarabha Nagar, Ludhiana-141001

36-K, Sarabha Nagar, Ludhiana-141001

**Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and outgo****Conservation of Energy****(i) Steps taken or impact on conservation of energy:**

Energy efficiency is a cornerstone for positive impact on environment and sustainable growth. The Company continued to improve across all facets of energy management.

Dedicated teams are working on enabling the Company to continually improve energy performance.

Energy conservation initiatives were the top focus of your Company during FY 2022-23 as it brings benefit to bottom-line and to the climate. Some of key energy initiatives undertaken during the year are as under:

- To improve power factor, implemented an Automatic Power Factor Control (APFC) panel with a capacity of 1600KVAR in Hammer Section.
- Introduced a thyristor based APFC panel with a capacity of 1000KVAR in 14000T Press line section also to improve power factor.
- We identified the need for upgrading the existing MS air pipeline and decided to replace the MS pipeline with a more durable Aluminium pipeline which helps in reduction of leakages and saving in energy.
- As part of our ongoing commitment to sustainable practices, we are planning to install additional 1433.7KWp solar panel system on the MCD-2 shed. This will be company's 3<sup>rd</sup> solar power plant.
- To optimise our energy consumption and reduce downtime, we are exploring the implementation of a centralised cooling tower system with Variable Frequency Drive (VFD) control in the Plant 1 MCD-2.

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

Solar power plant installed in Plant 1 and 2, which generates electricity for consumption in both the plants.

**(iii) Capital Investment on energy conservation equipment:**

- (a) The Company has made a capital investment of approximately ₹ 24.40 Lacs in FY 2022-23 on energy conservation equipment.

**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	
	2022-23	2021-22
a) FOB Value of Exports	12,828.65	8,031.50
b) Expenditure in Foreign Currency	6,586.70	3,523.04
c) Foreign Exchange earned	11,562.84	7,836.46
d) Value of Import on CIF basis	4,030.05	15,805.17



## 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. (FY 2022-23)

Form for Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub section (1) of section 188 of the Companies Act, 2013 including certain arm's length transaction under third proviso thereto.

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

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

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

(Amount in Lacs)

SL. No.	Particulars	Details
a)	Name of the related party & nature of relationship	TECHNOMECH 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 the year was ₹ 66.20 Lacs
e)	Justification for entering into such contracts or arrangements or transactions'	NA
f)	Date of approval by the Board	NA
g)	Amount paid as advances, if any	Nil
h)	Date on which the special resolution was passed in General meeting as required under first proviso to section 188	NA

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

(Amount in Lacs)

SL. No.	Particulars	Details
a)	Name (s) of the related party & nature of relationship	<b>Happy Steel Private Limited.</b> (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 FY 2022-23 was ₹ 44.50 LACS
e)	Justification for entering into such contracts or arrangements or transactions'	NA
f)	Date of approval by the Board	NA
g)	Amount paid as advances, if any	NIL
h)	Date on which the special resolution was passed in General meeting as required under first proviso to section 188	N.A.

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

(Amount in Lacs)

SL. No.	Particulars	Details
a)	Name (s) of the related party & nature of relationship	<b>NORTH STAR AUTO COMP PRIVATE LIMITED</b> (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 FY 2022-23 was ₹ 9.13 LACS
e)	Justification for entering into such contracts or arrangements or transactions'	NA
f)	Date of approval by the Board	N.A.
g)	Amount paid as advances, if any	NIL
h)	Date on which the special resolution was passed in General meeting as required under first proviso to section 188	NA

## 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 27<sup>th</sup> 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



## Board's Report 2022-23 (Contd.)

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 (FY 2022-23)

#### 1. Brief outline on CSR Policy of the Company.

This policy, which encompasses HAPPY FORGINGS LIMITED'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://happyforgingsltd.com/downloads/>

#### 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)	3	3
2	Mr. Ashish Garg	Member (Managing Director)	3	3
3	Mr. Prakash Bagla	Member (Nominee Director)	3	3
4	Mr. Ravindra Pisharody	Member (Independent Director)	2	2
5	Mr. Satish Sekhri	Member (Independent Director)	3	3

\* Mr Ravindra Pisharody was appointed on 16<sup>th</sup> June, 2022, so he was eligible to attend 2 meetings only.

#### 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://happyforgingsltd.com/downloads/>

#### 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	2022-23	Nil	Nil
2	2021-22	Nil	Nil
3	2020-21	Nil	Nil

#### 6. Average net profit of the company as per section 135(5): ₹ 13577.47 Lacs

#### 7. (a) Two percent of average net profit of the company as per section 135(5): ₹ 271.55 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

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

Total Amount Spent for the Financial Year (₹)	Amount Unspent (₹ in Lakh)				
	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
214.56	60.00 *	24.04.2023	-	-	-

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

1 Sl. No.	2 Name of the Project	3 Item from the list of activities in schedule VII to the Act	4 Local area (Yes/No)	5 Location of the project		6 Amount spent for the project (In ₹ In Lacs)	7 Mode of Implementation - Direct (Yes/No)	8 Mode of implementation - Through implementing agency	
				State	District			CSR Name	Registration number
1	Promoting Education- construction of primary school building	Promoting education	Yes	Punjab	Ludhiana	₹ 34.91 from unspent CSR account. ₹ 70.02 for the current financial year	Yes	-	-

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

1 Sl. No.	2 Name of the Project	3 Item from the list of activities in schedule VII to the Act	4 Local area (Yes/No)	5 Location of the project		6 Amount spent for the project (In ₹ In Lacs)	7 Mode of Implementation - Direct (Yes/No)	8 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	3.84	Yes	-	-
2	Education – Support for education to poor students	Education	Yes	Punjab	Ludhiana	5	No	Noble Foundation	CSR00001728
3	Education-Support for education to poor students	Education	Yes	Punjab	Ludhiana	1.20	No	Darpan	CSR00026400
4	Education development	Education	Yes	Punjab	Ludhiana	11	No	Bal Vikas Trust	CSR00018625
5	Education-Support for education to deaf children	Education	Yes	Punjab	Ludhiana	23.50	No	School for the Deaf Children	CSR00023999
6	Animal Welfare- donation to Dhyan Foundation	Animal welfare	Yes	Punjab	Ludhiana	100.	No	Dhyan Foundation	CSR00003498

#### (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): 214.56

#### (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	Name Amount (₹ in Lacs)	Date of transfer	
1.	FY 20-21	₹ 95.00 *	₹ 34.92	NIL	NIL	NIL	NIL
2.	FY 22-23	₹ 60.00**	Nil out of unspent CSR account FY 2022-23	NIL	NIL	NIL	56.99

**(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	FY 2020-21	3 years	193.03	34.92	193.03	Ongoing (the project was further extended during FY 2022-23)

**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).

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

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

\*against obligation of ₹ 89.22 Lacs

\*\* against obligation of ₹ 56.99 Lacs

For Happy Forgings Limited

**(Paritosh Kumar)**  
Chairman, CSR Committee  
DIN: 00393387

Date: 8<sup>th</sup> August, 2023  
Place: Ludhiana

**(Ashish Garg)**  
Managing Director  
DIN: 01829082

**Form No. MR-3****SECRETARIAL AUDIT REPORT**FOR THE FINANCIAL YEAR ENDING 31<sup>st</sup> MARCH, 2023

[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 1<sup>st</sup> April, 2022 to 31<sup>st</sup> March, 2023** complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent in the manner and subject to the reporting made hereinafter:

- I have examined the books, papers, minute books, forms and returns filed and other records maintained by **M/s HAPPY FORGINGS LIMITED** ("The Company") for the financial year ended on **31<sup>st</sup> March, 2023** according to the provisions of:
  - The Companies Act, 2013 (the Act) and the rules made thereunder;
  - The Securities Contracts (Regulation) Act, 1956 ('**SCRA**') and the rules made thereunder; [not applicable being unlisted public company]
  - The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
  - 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]
  - The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('**SEBI Act**'):-

- The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; **[not applicable being unlisted public company]**
  - The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; **[not applicable being unlisted public company]**
  - The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018; **[not applicable being unlisted public company]**
  - The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; **[not applicable being unlisted public company]**
  - The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **[not applicable being unlisted public company]**
  - 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)**
  - The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; **[not applicable being unlisted public company]**
  - 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:
- Standards of Weights & Measures (Enforcement) Act, 1985,
  - Hazardous Wastes (Management and Handling) Rules, 1989,

## Board's Report 2022-23 (Contd.)

## 'Annexure A'

- 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 including appointment of Company Secretary 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

C.P No. 2585

Peer Review No. 1306/2022

SCO-6, Feroze Gandhi Market,

Ludhiana

Place: Ludhiana

Date: 8<sup>th</sup> August, 2023

UDIN: F004391E000760564

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.

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. 1306/2022

SCO-6, Feroze Gandhi Market,

Ludhiana

Place: Ludhiana

Date: 8<sup>th</sup> August, 2023



# 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 2023, 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 31<sup>st</sup> March, 2023, 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 judgements 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 31<sup>st</sup> March, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2023 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
  - (g) In our opinion, the managerial remuneration for the year ended 31<sup>st</sup> March, 2023 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;

## Independent Auditor's Report (Contd.)

- ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long term contracts including derivative contracts. Refer Note 18 to the standalone financial statements.
- 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, as disclosed in the note 43 to the standalone financial statements, 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 or entity, 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, as disclosed in the note 43 to the standalone financial statements, no funds have been received by the Company from any person or entity, 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. As stated in note 13 to the standalone financial statements, the Board of Directors of the Company have proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The dividend declared is in accordance with Section 123 of the Act to the extent it applies to declaration of dividend.
- vi. As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable for the Company only w.e.f. April 1, 2023, reporting under this clause is not applicable.
- For S.R. Batliboi & Co. LLP**  
Chartered Accountants  
ICAI Firm Registration Number: 301003E/E300005
- **per Pravin Tulsyan**  
Partner  
Membership Number: 108044  
UDIN: 23108044BGYZIV4063
- Place of Signature: Gurugram  
Date: August 08, 2023

## 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 31<sup>st</sup> March, 2023.
- (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 31<sup>st</sup> March, 2023 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 standalone financial statements, 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.

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

Particulars	Amount (₹ in Lacs)
Aggregate amount granted/provided during the year	
-Others (Loans to employees)	71.79
Balance outstanding as at balance sheet in respect of above cases	
-Others (Loans to employees)	26.89

- (iii) (b) During the year, the Company has not made investments, provided guarantees, provided security and granted loans and advances in the nature of loans to companies, firms, Limited Liability Partnerships or any other parties except loans granted to employees which 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 overdue 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, 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,



## Annexure '1' (Contd.)

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) (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 (₹ 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	
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)
Income Tax Act, 1961	Demand for disallowance for late deposition of statutory dues	0.24	FY 2019-20	Assessing Officer, CPC, Income tax department
Income Tax Act, 1961	Demand for disallowance for late deposition of statutory dues	29.86	FY 2020-21	Assessing Officer, CPC, Income tax department

\* Deposit of ₹ 11.78 Lacs with Department against litigation.

\*\* Deposit of ₹ 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

(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.

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 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 financial statements, ageing and expected dates of realisation 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 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 standalone financial statements.

(xx) (b) All amounts that are unspent under sub 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 standalone financial statements.

**For S.R. Batliboi & Co. LLP**

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005

per **Pravin Tulsyan**

Partner

Membership Number: 108044

UDIN: 23108044BGYZIV4063

Place of Signature: Gurugram  
Date: August 08, 2023

## Annexure '2'

### to the Independent Auditor's Report of even date on the Standalone 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 standalone financial statements of Happy Forgings Limited (hereinafter referred to as the "Company") as of and for the year ended 31<sup>st</sup> March, 2023, we have audited the internal financial controls with reference to standalone financial statements of the Company, which are companies incorporated in India, as of that date.

#### Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to these standalone 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 standalone 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 standalone financial statements and their operating effectiveness. Our audit of internal financial controls with reference to these standalone financial statements included obtaining an understanding of internal financial controls with reference to these standalone 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 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 standalone financial statements.

#### Meaning of Internal Financial Controls With Reference to Standalone Financial Statements

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

#### Inherent Limitations of Internal Financial Controls With Reference to Standalone Financial Statements

Because of the inherent limitations of internal financial controls with reference to these standalone financial statements, 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 these standalone financial statements to future periods are subject to the risk that the internal financial control with reference to these standalone 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, maintained in all material respects, adequate internal financial controls with reference to standalone financial statements and such internal

financial controls with reference to standalone financial statements were operating effectively as at 31<sup>st</sup> March, 2023, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

**For S.R. Batliboi & Co. LLP**

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005

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**per Pravin Tulsyan**

Partner

Membership Number: 108044

UDIN: 23108044BGYZIV4063

Place of Signature: Gurugram

Date: August 08, 2023



## Standalone Balance Sheet

As at 31<sup>st</sup> March, 2023

(All amount in ₹ Lacs, except for share capital note or otherwise stated)

Particulars	Note No.	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
<b>I ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3	67,695.96	45,463.26
Capital work-in-progress	3(a)	7,475.15	21,225.51
Intangible assets	4	148.12	155.81
Financial assets:			
(i) Investment in Joint Venture	5	-	41.20
(ii) Other financial assets	6.1	3,149.58	746.68
Non current tax assets (Net)		-	16.86
Other non current assets	7	5,152.13	2,778.35
<b>Total non-current assets</b>	.	<b>83,620.94</b>	<b>70,427.67</b>
<b>Current assets</b>			
Inventories	8	16,960.27	18,398.36
Financial assets:			
(i) Trade receivables	9	30,805.76	22,203.59
(ii) Cash and cash equivalents	10	1.31	2.02
(iii) Bank balance other than (ii) above	11	32.83	143.96
(iv) Loans	6.2	26.89	19.03
(v) Other financial assets	6.1	67.53	312.99
Current tax assets		23.39	-
Other current assets	7	1,015.51	1,416.63
<b>Total current assets</b>		<b>48,933.49</b>	<b>42,496.58</b>
Assets held for sale	3(b)	61.71	61.71
<b>TOTAL ASSETS</b>		<b>1,32,616.14</b>	<b>1,12,985.96</b>
<b>II EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	12	1,789.98	1,789.98
Other equity	13	97,039.58	76,971.35
<b>Total equity</b>		<b>98,829.56</b>	<b>78,761.33</b>
<b>Non-current liabilities</b>			
Financial liabilities:			
(i) Borrowings	14	5,817.60	7,404.56
Deferred tax liabilities (net)	16	2,304.55	2,294.35
<b>Total non-current liabilities</b>		<b>8,122.15</b>	<b>9,698.91</b>
<b>Current liabilities</b>			
a. Financial liabilities			
(i) Borrowings	14	16,034.01	16,630.66
(ii) Trade payables	17		
Total outstanding dues of micro enterprises and small enterprises		606.64	533.08
Total outstanding dues of creditors other than micro enterprises and small enterprises		4,167.13	3,890.05
(iii) Other financial liabilities	18	2,598.81	2,048.68
Other current liabilities	19	777.33	547.21
Provisions	15	378.74	266.96
Liabilities for current tax (net)		1,101.77	609.08
<b>Total current liabilities</b>		<b>25,664.43</b>	<b>24,525.72</b>
<b>Total liabilities</b>		<b>33,786.58</b>	<b>34,224.63</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,32,616.14</b>	<b>1,12,985.96</b>

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

As per our report of even date

**For S.R.Batlibo and Co. LLP**

Chartered Accountants

ICAI Firm registration no. 301003E/E300005

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

**per Pravin Tulsyan**

Partner  
Membership No. 108044  
Place: Gurugram  
Date: August 08, 2023

**(Pankaj Kumar Goyal)**

Chief Financial Officer  
Membership No. 500683  
Place: Ludhiana  
Date: August 08, 2023

**(Bindu Garg)**

Company Secretary  
Membership No. 6997  
Place: Ludhiana  
Date: August 08, 2023

## Standalone Statement of Profit and Loss

For the year ended 31<sup>st</sup> March, 2023

(All amount in ₹ Lacs, except for share capital note or otherwise stated)

Particulars	Note No.	For the Year ended 31 <sup>st</sup> March, 2023	For the Year ended 31 <sup>st</sup> March, 2022
<b>Income</b>			
Revenue from Operations	20	1,19,652.88	86,004.53
Other Income	21	575.12	605.85
<b>TOTAL INCOME (A)</b>		<b>1,20,228.00</b>	<b>86,610.38</b>
<b>Expenses</b>			
Cost of raw materials and components consumed	22	54,772.46	43,584.70
(Increase)/decrease in inventories of finished goods, work-in-progress and scrap	23	333.19	(4,745.45)
Employee benefits expense	24	8,777.82	6,867.58
Finance costs	25	1,247.58	715.88
Depreciation and amortisation expense	26	5,418.24	3,774.18
Other expenses	27	21,675.79	17,208.93
<b>TOTAL EXPENSES (B)</b>		<b>92,225.08</b>	<b>67,405.82</b>
<b>PROFIT BEFORE TAX (C=A-B)</b>		<b>28,002.92</b>	<b>19,204.56</b>
<b>Tax expense:</b>			
Current tax (net)	16	6,854.27	4,691.64
Adjustments of tax relating to earlier periods	16	(9.17)	17.48
Deferred tax	16	287.71	267.24
<b>TOTAL TAX EXPENSE (D)</b>		<b>7,132.81</b>	<b>4,976.36</b>
<b>PROFIT FOR THE YEAR (E=C-D)</b>		<b>20,870.11</b>	<b>14,228.20</b>
<b>OTHER COMPREHENSIVE INCOME (OCI)</b>			
<b>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</b>			
Remeasurement gain/(losses) on defined benefit plans	33	31.06	43.45
Less: Income tax effect on above	16	7.82	10.94
<b>Total Other comprehensive income not to be reclassified to profit or loss in subsequent periods</b>		<b>23.24</b>	<b>32.51</b>
<b>Other comprehensive income to be reclassified to profit or loss in subsequent periods</b>			
Net Movement on effective portion of cash flow hedges	40	(1,102.63)	-
Less: Income tax effect on above	16	277.51	-
<b>Total Other comprehensive income to be reclassified to profit or loss in subsequent periods</b>		<b>(825.12)</b>	<b>-</b>
<b>OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX</b>		<b>(801.88)</b>	<b>32.51</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX</b>		<b>20,068.22</b>	<b>14,260.71</b>
Earnings per share: (In ₹)			
(Nominal value ₹ 2/- per share (31 <sup>st</sup> March, 2022 ₹ 2 per share))			
(i) Basic	28	23.32	15.90
(ii) Diluted	28	23.32	15.90

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

As per our report of even date

**For S.R.Batlibo and Co. LLP**

Chartered Accountants

ICAI Firm registration no. 301003E/E300005

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

**per Pravin Tulsyan**

Partner  
Membership No. 108044  
Place: Gurugram  
Date: August 08, 2023

**(Pankaj Kumar Goyal)**

Chief Financial Officer  
Membership No. 500683  
Place: Ludhiana  
Date: August 08, 2023

**(Bindu Garg)**

Company Secretary  
Membership No. 6997  
Place: Ludhiana  
Date: August 08, 2023

## Standalone Statement of Cash Flow

For the year ended 31<sup>st</sup> March, 2023

(All amount in ₹ Lacs, except for share capital note or otherwise stated)

Particulars	For the Year ended 31 <sup>st</sup> March, 2023	For the Year ended 31 <sup>st</sup> March, 2022
<b>OPERATING ACTIVITIES</b>		
<b>Profit before tax</b>	28,002.92	19,204.56
<b>Adjustments to reconcile profit before tax to net cash flows</b>		
Depreciation and amortisation expense	5,418.24	3,774.18
Gain on disposal of property, plant and equipment	(4.58)	-
Interest Income	(54.33)	(72.42)
Gain on sale of Investment	(1.85)	-
Property, plant and equipment W/off	157.95	-
Fair value (gain)/loss on financial instruments at fair value through profit and loss	256.71	(72.38)
Unrealised foreign exchange gain/-loss (net)	82.20	(331.56)
Provisions for doubtful receivables, advances and deposits	18.43	5.81
Financial costs	1,247.58	715.88
<b>Operating profit/(loss) before working capital changes</b>	<b>35,123.27</b>	<b>23,224.07</b>
<b>Working capital adjustments:</b>		
(Increase)/decrease in inventory	1,438.09	(6,241.65)
(Increase) in trade receivable	(8,272.31)	(5,610.33)
(Increase) in other financial assets	(2,232.50)	(199.31)
Decrease in other assets	382.39	(4.66)
Increase in trade payable	349.41	629.66
Increase in other financial current liabilities	167.97	329.88
Increase in other current liabilities	230.12	90.24
Increase in short term provision	142.84	120.57
<b>Cash generated from operations</b>	<b>27,329.28</b>	<b>12,338.47</b>
Less: Income tax paid (net of refund)	6,383.63	4,310.79
<b>Cash flow from operating activities (A)</b>	<b>20,945.65</b>	<b>8,027.68</b>
<b>INVESTING ACTIVITIES</b>		
Payments for acquisition of property, plant and equipment and intangible assets (including capital work in progress, and capital advance)	(17,458.68)	(19,082.56)
Proceeds from sale of property, plant and equipment	9.95	-
(Purchase)/sale of non current investment (net)	43.05	(41.20)
Proceeds from term deposit	144.05	2,345.62
(Investment) in term deposit	(32.92)	-
Interest received (finance income)	49.14	211.82
<b>Net cash flow (used in) investing activities (B)</b>	<b>(17,245.41)</b>	<b>(16,566.32)</b>

## Standalone Statement of Cash Flow

For the year ended 31<sup>st</sup> March, 2023

(All amount in ₹ Lacs, except for share capital note or otherwise stated)

Particulars	For the Year ended 31 <sup>st</sup> March, 2023	For the Year ended 31 <sup>st</sup> March, 2022
<b>FINANCING ACTIVITIES</b>		
Availment of long-term borrowings	1,695.32	5,129.69
(Repayment) of long-term borrowings	(1,480.18)	(365.16)
(Expense) Incurred on increase in authorised share capital	-	(15.02)
Availment/(Repayment) of short-term borrowing (net)	(2,529.91)	4,260.40
(Repayment) of Loan from directors	(200.00)	(78.73)
Interest Paid	(1,186.19)	(679.24)
<b>Net cash flow from/(used in) financing activities (C)</b>	<b>(3,700.96)</b>	<b>8,251.94</b>
<b>Net Increase/(decrease) in cash and cash equivalents (A+B+C)</b>	<b>(0.71)</b>	<b>(286.70)</b>
Cash and cash equivalents at the beginning of the year	2.02	288.72
<b>Cash and cash equivalents as at year end</b>	<b>1.31</b>	<b>2.02</b>
<b>Cash and cash equivalents comprise of the following:</b>		
Components of cash and cash equivalent		
Cash on hand	1.31	2.02
Balance with banks:		
-On current accounts	-	0.00
<b>Cash and cash equivalent as at year end</b>	<b>1.31</b>	<b>2.02</b>

### Notes:

- The above Cash flow statement has been prepared under the Indirect Method as set out in Indian Accounting Standard-7, Statement of Cash Flows.
- Figures in bracket indicate cash outflow.
- Refer note 42 for reconciliation of movement of liabilities to cash flows arising from financing activities.
- There are no non-cash transaction in Investing activities.

The accompanying notes referred to above formed 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: Gurugram  
Date: August 08, 2023

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

**(Paritosh Kumar)**

Chairman Cum Managing Director  
DIN: 00393387

**(Pankaj Kumar Goyal)**

Chief Financial Officer  
Membership No. 500683  
Place: Ludhiana  
Date: August 08, 2023

**(Ashish Garg)**

Managing Director  
DIN: 01829082

**(Bindu Garg)**

Company Secretary  
Membership No. 6997  
Place: Ludhiana  
Date: August 08, 2023



# Standalone Statement of Changes in Equity

For the year ended 31<sup>st</sup> March, 2023

(All amount in ₹ Lacs, except for share capital note or otherwise stated)

## A. Equity share capital

For the year ended 31<sup>st</sup> March, 2023

Particulars	No of shares	Amount
Balance as at the beginning of the year	8,94,99,000	1,789.98
Changes in equity capital during the year	-	-
<b>Balance as at the end of the year</b>	<b>8,94,99,000</b>	<b>1,789.98</b>

For the year ended 31<sup>st</sup> March, 2022

Particulars	No of shares	Amount
Balance as at the beginning of the year	8,94,990	894.99
Changes in equity capital during the year		
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
<b>Balance as at the end of the year</b>	<b>8,94,99,000</b>	<b>1,789.98</b>

\*During the year ended 31<sup>st</sup> March, 2022, the Company has subdivided shares in ₹ 2/- each and bonus shares were issued in the ratio of 1: 1

## B. Other equity (Refer note 13)

Particulars	Reserve and surplus			Other Comprehensive income	Total other equity
	Securities Premium	Retained Earnings	General Reserves	Cash Flow Hedging Reserve (CFHR)	
As at 1 <sup>st</sup> April, 2022	21,618.02	55,353.33	-	-	76,971.35
Profit for the year	-	20,870.11	-	-	20,870.11
Other comprehensive income	-	23.24	-	(825.12)	(801.88)
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>20,893.35</b>	<b>-</b>	<b>(825.12)</b>	<b>20,068.23</b>
<b>As at 31<sup>st</sup> March, 2023</b>	<b>21,618.02</b>	<b>76,246.68</b>	<b>-</b>	<b>(825.12)</b>	<b>97,039.58</b>

Particulars	Reserve and surplus			Other Comprehensive income	Total other equity
	Securities Premium	Retained Earnings	General Reserves	Cash Flow Hedging Reserve (CFHR)	
As at 1 <sup>st</sup> April, 2021	21,633.04	41,987.61	-	-	63,620.65
Profit for the year	-	14,228.20	-	-	14,228.20
Other comprehensive income	-	32.51	-	-	32.51
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>14,260.71</b>	<b>-</b>	<b>-</b>	<b>14,260.71</b>
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)
<b>As at 31<sup>st</sup> March, 2022</b>	<b>21,618.02</b>	<b>55,353.33</b>	<b>-</b>	<b>-</b>	<b>76,971.35</b>

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

As per our report of even date

**For S.R.Battiboi and Co. LLP**

Chartered Accountants

ICAI Firm registration no. 301003E/E300005

**per Pravin Tulsyan**

Partner

Membership No. 108044

Place: Gurugram

Date: August 08, 2023

For and on behalf of the board of directors of

**HAPPY FORGINGS LIMITED**

**(Paritosh Kumar)**

Chairman Cum Managing Director

DIN: 00393387

**(Pankaj Kumar Goyal)**

Chief Financial Officer

Membership No. 500683

Place: Ludhiana

Date: August 08, 2023

**(Ashish Garg)**

Managing Director

DIN: 01829082

**(Bindu Garg)**

Company Secretary

Membership No. 6997

Place: Ludhiana

Date: August 08, 2023

# Notes to Standalone Financial Statement

For the year ended March 31, 2023

## 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 8<sup>th</sup> August, 2023.

### 2a. Significant Accounting Policies:

#### (i) Basis of Preparation

The Standalone 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 standalone 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 standalone financial statements are presented in INR 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 INR, which is Company's functional currency

##### Transactions and balances

Transactions in foreign currencies are initially recorded by the Company at the functional currency spot rates at the date the transaction first qualifies for recognition.

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

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair

# Notes to Standalone Financial Statement

For the year ended March 31, 2023

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 entitle 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 judgements, 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 goods. The normal credit term is 30 to 150 days.

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 give rise to variable consideration.

#### Rights of Return

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 if any, relating to the estimation of variable consideration for returns are provided in Note 2C.

**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 is 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 (ix) 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).

**Contract assets:** A contract asset is initially recognised for revenue earned from installation services because the receipt of consideration is conditional on successful completion of the installation. Upon completion of the installation and acceptance by the customer, the amount recognised as contract assets is reclassified to trade receivables.

Contract assets are subject to impairment assessment. Refer to accounting policies on impairment of financial assets in section d) Financial instruments – initial recognition and subsequent measurement.

# Notes to Standalone Financial Statement

For the year ended March 31, 2023

## 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 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 on 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 approval of the relevant authority is sanctioned 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 favorable 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.

- Packing Materials and other products are determined on Weighted Average basis.
- Stores and Spares is value at Weighted Average Value.
- 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, that are readily convertible to a known amount of cash and subject to an insignificant risk of change in value.

### (v) Property, Plant and Equipment

Capital work in progress is stated at cost, net of accumulated impairment loss, if any. Plant and equipment 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:



# Notes to Standalone Financial Statement

For the year ended March 31, 2023

## 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.

\*\* Useful life mentioned is considering single shift working, however depreciation charged based on average number of shifts worked on an annual basis.

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.

The useful lives of intangible assets are assessed as either finite or indefinite.

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 Joint venture

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 joint venture 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.

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

# Notes to Standalone Financial Statement

For the year ended March 31, 2023

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)'s 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 unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

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 marketplace (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)

# Notes to Standalone Financial Statement

For the year ended March 31, 2023

- 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 employees included under other 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 Company 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

# Notes to Standalone Financial Statement

For the year ended March 31, 2023

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:

- Financial assets that are debt instruments, and are measured at amortised cost e.g. loans, debt securities, deposits, trade receivables and bank balance
- 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
- 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 analyzed.

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.



# Notes to Standalone Financial Statement

For the year ended March 31, 2023

## 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, 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

# Notes to Standalone Financial Statement

For the year ended March 31, 2023

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.

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.

## 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.

# Notes to Standalone Financial Statement

For the year ended March 31, 2023

## 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 and hedge accounting

### Initial recognition and subsequent measurement

The Company uses derivative financial instruments, such as forward currency contracts to hedge its foreign currency risks. 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.

For the purpose of hedge accounting, at the inception of a hedge relationship, the Company formally designates and documents the hedge relationship to which the Company wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge.

The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged, and how the Company will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is 'an economic relationship' between the hedged item and the hedging instrument.
- The effect of credit risk does not 'dominate the value changes' that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Company actually hedges and

the quantity of the hedging instrument that the Company actually uses to hedge that quantity of hedged item.

The Company designates certain foreign exchange forward contracts as cash flow hedges to mitigate the risk of foreign exchange exposure on highly probable forecast sales transactions, and thereafter, as a fair value hedge of the resulting receivables.

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in OCI, e.g., cash flow hedging reserve and accumulated in the cash flow hedging reserve. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in the statement of profit and loss. The amount accumulated is retained in cash flow hedge reserve and reclassified to profit or loss in the same period or periods during which the hedged item affects the statement of profit or loss. Under fair value hedge, the change in the fair value of a hedging instrument is recognised in the statement of profit and loss. The change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item and is also recognised in the statement of profit and loss.

## (xi) Retirement and other 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.

If the contribution payable to the schemes for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognised as a liability after deducting the contribution already paid.

# Notes to Standalone Financial Statement

For the year ended March 31, 2023

If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognised as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

### 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 (Ind AS)-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.

### Past service costs are recognised in profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Company recognises related restructuring costs.

**Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises the following changes in the net defined benefit obligation as an expense in the consolidated statement of profit and loss:**

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income.

### Compensated Absences

Accumulated compensated absences are either availed or encashed within 12 months from the end of the year end are treated as short term employee benefits. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date. The Company recognises expected cost of short-term employee benefit as an expense, when an employee renders the related service.

The Company has a policy to encash the entire leaves balance outstanding as at the end of the year in the subsequent year.

### 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 net 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.



# Notes to Standalone Financial Statement

For the year ended March 31, 2023

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.

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 asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

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.

Sales/value added taxes paid on acquisition of assets or on incurring expenses

Expenses and assets are recognised net of the amount of sales/value added taxes paid, except:

- When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable

- When receivables and payables are stated with the amount of tax included

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

# Notes to Standalone Financial Statement

For the year ended March 31, 2023

## (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.

# Notes to Standalone Financial Statement

For the year ended March 31, 2023

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.

## (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 (viii) 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 in substance fixed payments) less any lease incentives

# Notes to Standalone Financial Statement

For the year ended March 31, 2023

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 straight-line 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 judgements, 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 estimates and assumptions, 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, which 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



## Notes to Standalone Financial Statement

For the year ended March 31, 2023

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 and the present value of the gratuity obligation 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. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. See Note 36 and 37 for further disclosures.

## 2d. Changes in accounting policies and disclosures

The Ministry of Corporate Affairs has notified Companies (Indian Accounting Standard) Amendment Rules 2022 dated March 23, 2022, to amend the following Ind AS which were effective from 1<sup>st</sup> April, 2022. These amendments had no impact on the standalone financial statement of the Company for the year ended 31<sup>st</sup> March, 2023. 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 Standalone Financial Statement

For the year ended March 31, 2023

### 2e. Standards notified but not yet effective

The Ministry of Corporate Affairs has notified Companies (Indian Accounting Standards) Amendment Rules, 2023 dated 31<sup>st</sup> March, 2023 to amend the following Ind AS which are effective from 01<sup>st</sup> April, 2023.

#### (i) Definition of Accounting Estimates - Amendments to Ind AS 8

The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. It has also been clarified how entities use measurement techniques and inputs to develop accounting estimates.

The amendments are effective for annual reporting periods beginning on or after 1<sup>st</sup> April, 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period.

The amendments are not expected to have a material impact on the Group's financial statements.

#### (ii) Disclosure of Accounting Policies - Amendments to Ind AS 1

The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments to Ind AS 1 are applicable for annual periods beginning on or after 1<sup>st</sup> April, 2023. Consequential amendments have been made in Ind AS 107.

The Group is currently revisiting their accounting policy information disclosures to ensure consistency with the amended requirements.

#### (iii) Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to Ind AS 12.

The amendments narrow the scope of the initial recognition exception under Ind AS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

The amendments should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period presented, a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability should also be recognised for all deductible and taxable temporary differences associated with leases and decommissioning obligations. Consequential amendments have been made in Ind AS 101. The amendments to Ind AS 12 are applicable for annual periods beginning on or after 1<sup>st</sup> April, 2023.

The Group is currently assessing the impact of the amendments.

## Notes to Standalone Financial Statement

For the year ended March 31, 2023

(All amount in ₹ Lacs, except for share capital note or 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
<b>Cost</b>										
<b>At 31<sup>st</sup> March, 2021</b>	<b>2,864.06</b>	<b>6,093.76</b>	<b>39,792.65</b>	<b>210.49</b>	<b>593.90</b>	<b>203.98</b>	<b>48.59</b>	<b>826.01</b>	<b>50,633.44</b>	<b>3,942.19</b>
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	-	-	-	-	-	-	-	-	-	-
<b>At 31<sup>st</sup> March, 2022</b>	<b>4,775.11</b>	<b>6,459.07</b>	<b>44,702.62</b>	<b>332.94</b>	<b>765.63</b>	<b>235.74</b>	<b>82.48</b>	<b>1,038.88</b>	<b>58,392.47</b>	<b>21,225.51</b>
Additions	1,134.51	1,078.73	24,819.99	84.66	353.81	16.31	21.26	270.25	27,779.52	11,692.83
Transfers	-	-	-	-	-	-	-	-	-	(25,443.19)
Disposals	-	-	(468.87)	-	(8.67)	-	-	-	(477.54)	-
<b>At 31<sup>st</sup> March, 2023</b>	<b>5,909.62</b>	<b>7,537.80</b>	<b>69,053.74</b>	<b>417.60</b>	<b>1,110.77</b>	<b>252.05</b>	<b>103.74</b>	<b>1,309.13</b>	<b>85,694.45</b>	<b>7,475.15</b>
<b>Depreciation</b>										
<b>At 31<sup>st</sup> March, 2021</b>	<b>-</b>	<b>303.63</b>	<b>8,293.39</b>	<b>63.64</b>	<b>228.84</b>	<b>99.41</b>	<b>23.46</b>	<b>168.99</b>	<b>9,181.36</b>	<b>-</b>
Depreciation charge for the year	-	236.41	3,256.60	30.62	81.63	41.73	16.14	84.72	3,747.85	-
Disposals	-	-	-	-	-	-	-	-	-	-
<b>At 31<sup>st</sup> March, 2022</b>	<b>-</b>	<b>540.04</b>	<b>11,549.99</b>	<b>94.26</b>	<b>310.47</b>	<b>141.14</b>	<b>39.60</b>	<b>253.71</b>	<b>12,929.21</b>	<b>-</b>
Depreciation charge for the year	-	263.53	4,791.47	42.16	118.57	39.93	23.11	104.73	5,383.50	-
Disposals	-	-	(308.32)	-	(5.90)	-	-	-	(314.22)	-
<b>At 31<sup>st</sup> March, 2023</b>	<b>-</b>	<b>803.57</b>	<b>16,033.14</b>	<b>136.42</b>	<b>423.14</b>	<b>181.07</b>	<b>62.71</b>	<b>358.44</b>	<b>17,998.49</b>	<b>-</b>
<b>Net book value</b>										
<b>At 31<sup>st</sup> March, 2023</b>	<b>5,909.62</b>	<b>6,734.23</b>	<b>53,020.60</b>	<b>281.18</b>	<b>687.63</b>	<b>70.98</b>	<b>41.03</b>	<b>950.69</b>	<b>67,695.96</b>	<b>7,475.15</b>
<b>At 31<sup>st</sup> March, 2022</b>	<b>4,775.11</b>	<b>5,919.03</b>	<b>33,152.63</b>	<b>238.68</b>	<b>455.16</b>	<b>94.60</b>	<b>42.88</b>	<b>785.17</b>	<b>45,463.26</b>	<b>21,225.51</b>

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

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

Note 3: The Company has capitalised the certain expenses of revenue nature amounting to ₹ 342.03 Lacs (31<sup>st</sup> March, 2022: ₹ 486.54 Lacs) to the cost of Property, plant and equipment/Capital work in progress (CWIP) (Refer note 27(b)).

Note 4: On transition to Ind As(i.e. 1<sup>st</sup> April 2018) the company has elected to continue with the carrying value of all property, plant and equipment measured as per the previous GAAP and use the carrying value as deemed cost of property, plant and equipment.

### Note 3 (a) Capital Work-in-progress (CWIP) ageing schedule

#### As at 31<sup>st</sup> March, 2023

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	7,179.61	127.82	167.72	-	7,475.15
ii) Projects temporarily suspended	-	-	-	-	-
<b>Total</b>	<b>7,179.61</b>	<b>127.82</b>	<b>167.72</b>	<b>-</b>	<b>7,475.15</b>

#### As at 31<sup>st</sup> 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	295.84	459.68	20,956.04
ii) Project temporarily suspended	-	-	-	269.47	269.47
<b>Total</b>	<b>18,777.61</b>	<b>1,422.91</b>	<b>295.84</b>	<b>729.15</b>	<b>21,225.51</b>

## Notes to Standalone Financial Statement

For the year ended March 31, 2023

(All amount in ₹ Lacs, except for share capital note or otherwise stated)

### CWIP Completion Schedule

#### As at 31<sup>st</sup> March, 2023

Particulars	To be completed in				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
i) Projects 1	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

#### As at 31<sup>st</sup> March, 2022

Particulars	To be completed in				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
i) Projects 1	269.47	-	-	-	269.47
<b>Total</b>	<b>269.47</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>269.47</b>

The overdue project was related to the 'Robot Gripper Up and Down Receiving Table' which was delayed due to covid restrictions. These projects were overdue in terms of completion only however there is no overdue project in terms of cost and this is capitalised in FY 2022-23.

### Note 3 (b) Assets held for sale

One of the plant and machinery was classified as held for sale based on the management decision to dispose of this asset in near future. This asset was not in active usage and was measured at the lower of its carrying amount and fair value less costs to sell. The fair value of this asset was determined using the market comparison approach.

### 4. Intangible Assets

Particulars	Computer Software	Intangible assets under development
<b>Cost</b>		
<b>At 31<sup>st</sup> March, 2021</b>	<b>20.87</b>	<b>95.14</b>
Additions	169.01	-
Disposal/capitalisation	-	(95.14)
<b>At 31<sup>st</sup> March, 2022</b>	<b>189.88</b>	<b>-</b>
Additions	27.05	-
<b>At 31<sup>st</sup> March, 2023</b>	<b>216.93</b>	<b>-</b>
<b>Depreciation and impairment</b>		
<b>At 31<sup>st</sup> March, 2021</b>	<b>7.74</b>	<b>-</b>
Amortisation charge for the year	26.33	-
<b>At 31<sup>st</sup> March, 2022</b>	<b>34.07</b>	<b>-</b>
Amortisation charge for the year	34.74	-
<b>At 31<sup>st</sup> March, 2023</b>	<b>68.81</b>	<b>-</b>
<b>Net book value</b>		
<b>At 31<sup>st</sup> March, 2023</b>	<b>148.12</b>	<b>-</b>
<b>At 31<sup>st</sup> March, 2022</b>	<b>155.81</b>	<b>-</b>



## Notes to Standalone Financial Statement

For the year ended March 31, 2023

(All amount in ₹ Lacs, except for share capital note or otherwise stated)

### 5. Investment in Joint Venture

Particulars	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
At cost		
Unquoted equity Shares		
Linchpin Technologies Private Limited	-	41.20
Nil (31 <sup>st</sup> March, 2022: 3,29,175) equity shares of ₹ 10/- each fully paid up		
<b>Total</b>	<b>-</b>	<b>41.20</b>

During the year ended 31<sup>st</sup> March, 2022, the Company entered into a Joint Venture agreement with 'VVDN Technologies Private Limited' and acquired 3,29,175 equity shares (representing 33% stake) at a price of ₹ 12.52 each of Linchpin Technologies Private Limited. On 31<sup>st</sup> March, 2023, these shares are sold to VVDN Technologies Private Limited at a price of ₹ 13.08/- per share aggregating to ₹ 43.05 Lacs.

### 6.1 Other financial assets

#### Non-current (Unsecured, Considered good)

Particulars	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
Security deposits	905.49	746.68
Government Incentives receivable (Refer note 39)	2,244.09	-
<b>Total</b>	<b>3,149.58</b>	<b>746.68</b>

#### Current (Unsecured, Considered good)

Particulars	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
Interest receivable on electricity deposits	36.28	27.17
Interest receivable on term deposits	0.16	4.08
Derivative instruments at fair value through profit or loss (refer note 36)	-	72.38
Export benefits recoverable (Duty drawback)	30.04	28.40
Contract Assets#	1.05	180.96
<b>Total</b>	<b>67.53</b>	<b>312.99</b>

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

# Contract Assets mainly include income accrued for die design and preparation charges.

#### Break up of financial assets carried at amortised cost

Particulars	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
Other Non- current financial assets (Refer note 6.1)	3,149.58	746.68
Trade receivables (Refer note 9)	30,805.76	22,203.59
Cash and cash equivalents (Refer note 10)	1.31	2.02
Bank balance other than above (Refer note 11)	32.83	143.96
Other Current financial assets (Refer note 6.1)	67.53	240.61
Loans (Refer note 6.2)	26.89	19.03
<b>Total</b>	<b>34,083.90</b>	<b>23,355.89</b>

#### Break up of financial assets carried at fair value through profit or loss

Particulars	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
Derivatives financial Instruments at fair value through profit or loss ( Refer note 6.1)	-	72.38
<b>Total</b>	<b>-</b>	<b>72.38</b>

## Notes to Standalone Financial Statement

For the year ended March 31, 2023

(All amount in ₹ Lacs, except for share capital note or otherwise stated)

### 6.2 Loans

Particulars	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
Loan to employees	26.89	19.03
<b>Total</b>	<b>26.89</b>	<b>19.03</b>

### 7. Other assets

#### Non-Current (Unsecured, Considered good unless otherwise stated)

Particulars	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
Capital advances		
Considered good	5,094.32	2,730.44
Considered doubtful	167.01	167.01
	<b>5,261.33</b>	<b>2,897.45</b>
Less: Allowance for doubtful advances	(167.01)	(167.01)
<b>Net capital advances</b>	<b>5,094.32</b>	<b>2,730.44</b>
Prepaid expenses	57.81	47.91
<b>Total</b>	<b>5,152.13</b>	<b>2,778.35</b>

#### Current (Unsecured, Considered good unless otherwise stated)

Particulars	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
Balances with government authorities		
Considered good	511.18	628.89
Considered doubtful	358.59	332.89
	<b>869.77</b>	<b>961.78</b>
Less: Allowance for doubtful balances	(358.59)	(332.89)
<b>Net Balance</b>	<b>511.18</b>	<b>628.89</b>
Export benefits recoverable (RoDTEP/MEIS)	75.67	40.02
Advance to suppliers	226.03	220.93
Advance to employees*		
- Related parties	4.88	-
- Others	1.63	1.06
Prepaid expenses	180.53	366.47
Government Incentives receivable (Refer note 39)	15.59	159.26
<b>Total</b>	<b>1,015.51</b>	<b>1,416.63</b>

\* includes imprest balances with employees for business related expenses

### 8. Inventories

Particulars	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
Raw materials and components (includes material lying with third party and stock in transit) at cost	5,704.17	7,251.67
Work-in-progress (includes material lying with third party) at cost	4,633.98	5,914.86
Finished goods (Including stock in transit) (at lower of cost and net realisable value)	5,413.72	4,506.02
Stores and spares (At Cost)	1,096.92	654.32
Scrap (At Net realisable value)	111.48	71.49
<b>Total inventories at the lower of cost and net realisable value</b>	<b>16,960.27</b>	<b>18,398.36</b>

## Notes to Standalone Financial Statement

For the year ended March 31, 2023

(All amount in ₹ Lacs, except for share capital note or otherwise stated)

Inventory include inventory in transit of:

Particulars	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
Raw material	-	37.33
Finished goods	2,921.29	3,366.07
<b>Total</b>	<b>2,921.29</b>	<b>3,403.40</b>

### 9. Trade Receivables

Particulars	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
Trade receivables	30,786.50	22,201.61
Receivables from related parties (Refer note 35)	19.26	1.98
<b>Total Trade receivables</b>	<b>30,805.76</b>	<b>22,203.59</b>
<b>Break-up for security details:</b>		
<b>(a) Gross Trade receivables</b>		
Secured, considered good	983.44	740.30
Unsecured, considered good	29,757.90	21,302.60
Trade Receivables which have significant increase in credit risk	64.42	160.69
Trade Receivables-credit impaired	141.54	148.81
<b>Total gross trade receivables (a)</b>	<b>30,947.30</b>	<b>22,352.40</b>
<b>(b) Impairment allowance (allowance for bad and doubtful debts)</b>		
Unsecured, considered good	-	-
Trade receivables – which have significant increase in credit risk	-	-
Trade Receivables-credit impaired	(141.54)	(148.81)
<b>Total Impairment allowance (b)</b>	<b>(141.54)</b>	<b>(148.81)</b>
<b>Net Trade receivables (a+b)</b>	<b>30,805.76</b>	<b>22,203.59</b>

- 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 receivables 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 parties 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 entirety in its balance sheet. Refer note 14.3 for information on trade receivables pledged as security by the Company.

#### Trade receivables ageing as at 31 March, 2023

Particulars	Unbilled Receivable	Curent 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	-	23,040.38	7,700.96	-	-	-	-	30,741.34
Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	35.21	25.25	0.83	3.13	64.42
Undisputed Trade receivable – credit impaired	-	-	-	3.91	25.25	15.74	10.65	55.55

## Notes to Standalone Financial Statement

For the year ended March 31, 2023

(All amount in ₹ Lacs, except for share capital note or otherwise stated)

Particulars	Unbilled Receivable	Curent 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	
Disputed Trade receivables - considered good	-	-	-	-	-	-	-	-
Disputed Trade receivables – which have significant increase in credit risk	-	-	-	-	-	-	-	-
Disputed Trade receivables – credit impaired	-	-	-	-	-	-	85.99	85.99
<b>Total</b>	<b>-</b>	<b>23,040.38</b>	<b>7,700.96</b>	<b>39.12</b>	<b>50.50</b>	<b>16.57</b>	<b>99.77</b>	<b>30,947.30</b>

#### Trade receivables ageing as at 31<sup>st</sup> March, 2022

Particulars	Unbilled Receivable	Curent 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	16,905.01	4,634.69	-	-	-	-	22,042.90
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
<b>Total</b>	<b>503.20</b>	<b>16,905.01</b>	<b>4,634.69</b>	<b>131.32</b>	<b>74.73</b>	<b>4.55</b>	<b>98.90</b>	<b>22,352.40</b>

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

Particulars	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
Receivables discounted from bank	983.44	3,543.28
<b>Borrowing availed against said deliverables (Refer note 14)</b>	<b>983.44</b>	<b>3,543.28</b>

### 10. Cash and cash equivalents

Particulars	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
Cash on hand	1.31	2.02
<b>Total</b>	<b>1.31</b>	<b>2.02</b>



## Notes to Standalone Financial Statement

For the year ended March 31, 2023

(All amount in ₹ Lacs, except for share capital note or otherwise stated)

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

Particulars	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
Cash on hand	1.31	2.02
<b>Total</b>	<b>1.31</b>	<b>2.02</b>

### 11. Other Bank balances

Particulars	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
Fixed deposits with original maturity of more than three months and having remaining maturity of less than twelve months from balance sheet date	32.83	102.55
Balance in Corporate Social Responsibility (CSR) account	-	41.41
<b>Total</b>	<b>32.83</b>	<b>143.96</b>

Fixed deposits earn 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 ₹ 30 Lacs (31<sup>st</sup> March, 2022 ₹ 17.47 Lacs) as margin money against the issuance of letter of credit and bank guarantee.

### 12. Equity Share capital

Particulars	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
<b>Authorised</b>		
150,000,000 (March 31,2022, 150,000,000 equity shares of ₹ 2/- each) equity shares of ₹ 2/- each	3,000.00	3,000.00
<b>Issued, subscribed and fully paid-up</b>		
8,94,99,000 (March 31,2022 8,94,99,000 equity shares of ₹ 2/- each) equity shares of ₹ 2/- each	1,789.98	1,789.98

#### a) Reconciliation of the number of shares and amount outstanding during the year:

Equity shares*	As at 31 <sup>st</sup> March, 2023		As at 31 <sup>st</sup> March, 2022	
	No. of shares	Amount	No. of shares	Amount
<b>As at the beginning of the year (Equity share of ₹ 2/- each (previous year ₹ 100/- each))</b>	<b>8,94,99,000</b>	<b>1,789.98</b>	<b>8,94,990</b>	<b>894.99</b>
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
<b>As at the end of the year (Equity share of ₹ 2/- each)</b>	<b>8,94,99,000</b>	<b>1,789.98</b>	<b>8,94,99,000</b>	<b>1,789.98</b>

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

Further, the Company had subdivided 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 the existing 8,94,990 shares of ₹ 100/- each.

Subsequent to the sub-division, the Company during the previous year had issued 44,749,500 equity shares of face value ₹ 2/- each as bonus shares in 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.

#### 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( March 31,2022 of ₹ 2/-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.

## Notes to Standalone Financial Statement

For the year ended March 31, 2023

(All amount in ₹ Lacs, except for share capital note or otherwise stated)

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

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

Name of Shareholder	As at 31 <sup>st</sup> March, 2023		As at 31 <sup>st</sup> March, 2022	
	No. of shares	%	No. of shares	%
Sh. Paritosh Kumar Garg	3,56,60,600	39.84%	3,56,60,600	39.84%
Smt. Suman Garg	88,87,900	9.93%	88,87,900	9.93%
Sh. Ashish Garg	1,29,46,200	14.47%	1,29,46,200	14.47%
Sh. Paritosh K. Garg (HUF)	56,07,700	6.27%	56,07,700	6.27%
Ayush Capital and Financial Services Private Limited	1,07,45,100	12.01%	1,07,45,100	12.01%
India Business Excellence Fund - III(Formely known as Vistra ITCL (India) Limited)	1,05,29,000	11.76%	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.

Subsequent to the year ended 31<sup>st</sup> March, 2023, a trust by the name “Garg Family Trust” was formed and registered on 28<sup>th</sup> July, 2023. The settlor for the Trust is “Ms. Suman Garg” and the trustees of the Trust are “Mr. Ashish Garg and Mr. Paritosh Kumar”. On 7<sup>th</sup> August, 2023, 29,148,700 equity shares of ₹ 2 each held by Mr. Paritosh Kumar (Promoter of the Company) were transferred to Ms. Suman Garg (by way of GIFT deed). On 7<sup>th</sup> August, 2023, Ms. Suman Garg settled 38,047,000 equity shares of ₹ 2 each to “Garg Family Trust” by way of Settlor, post this “Garg Family Trust” is one of the Promoters of the Company.

#### d) Details of shares held by Promoters

Name of Shareholder	As at March 2023		As at March 2022		% change during the year
	No. of shares	%	No. of shares	%	
Sh. Paritosh Kumar Garg	3,56,60,600	39.84%	3,56,60,600	39.84%	-
Smt. Suman Garg*	-	0.00%	88,87,900	9.93%	-
Sh. Ashish Garg	1,29,46,200	14.47%	1,29,46,200	14.47%	-
Smt. Megha Garg	24,19,900	2.70%	24,19,900	2.70%	-
Ms. Sheena Gupta*	-	0.00%	24,38,000	2.72%	-
Sh. Paritosh K. Garg (HUF)	56,07,700	6.27%	56,07,700	6.27%	-
Ashish Garg & Sons (HUF)	2,54,200	0.28%	2,54,200	0.28%	-
Ayush Capital and Financial Services Private Limited	1,07,45,100	12.01%	1,07,45,100	12.01%	-

\* In the filing of its Annual Return for the year ended 31<sup>st</sup> March, 2022, the Company had also considered Smt. Suman Garg and Ms. Sheena Gupta as Promoters. However, based on certain developments and management evaluation as per SEBI ICDR Regulations, they are categorised as members of Promoter Group as defined in the SEBI Regulations. They held 88,87,900 and 24,38,000 of equity shares respectively and no change in shareholding during years presented.

## Notes to Standalone Financial Statement

For the year ended March 31, 2023

(All amount in ₹ Lacs, except for share capital note or otherwise stated)

Name of Shareholder	As at March 2023		As at March 2022		% 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%	-

**e) Aggregate number of equity shares issued as bonus, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date:**

During the year ended 31<sup>st</sup> March, 2022, 4,47,49,500 bonus shares were issued of ₹ 2 each aggregating to ₹ 894.99 Lacs.

### 13. Other equity

Particulars	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
<b>Securities Premium</b>		
Opening balance	21,618.02	21,633.04
Less: Expenses incurred on increase in authorised share capital	-	(15.02)
<b>Closing balance (a)</b>	<b>21,618.02</b>	<b>21,618.02</b>
<b>Retained earnings</b>		
Opening balance	55,353.33	41,987.61
Add: Profit for the year	20,870.11	14,228.20
Add: Other Comprehensive Income (OCI)	23.24	32.51
Less: Transfer to General reserve	-	(894.99)
<b>Closing balance (b)</b>	<b>76,246.68</b>	<b>55,353.33</b>
<b>General Reserve (Refer Note 12 a)</b>		
Opening balance	-	-
Add: Transfer from Retained earnings	-	894.99
<b>Less: Bonus issuance from general reserve</b>	<b>-</b>	<b>(894.99)</b>
<b>Closing balance (c)</b>	<b>-</b>	<b>-</b>
<b>Cash Flow Hedging Reserve</b>		
Opening balance	-	-
Changes in Fair Value of hedging instrument	(1,102.63)	-
Deffered Tax	277.51	-
<b>Closing balance (d)</b>	<b>(825.12)</b>	<b>-</b>
<b>Total (a+b+c+d)</b>	<b>97,039.58</b>	<b>76,971.35</b>

### Nature and purpose of reserves

**(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 earnings**

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.

## Notes to Standalone Financial Statement

For the year ended March 31, 2023

(All amount in ₹ Lacs, except for share capital note or otherwise stated)

**(c) Cash Flow Hedging Reserve**

The Company uses hedging instruments as part of its management of exposure to risks associated with foreign currency. For hedging foreign currency, the Company uses foreign exchange forward contracts. To the extent these hedges are effective, the change in fair value of the hedging instrument is recognised in the cash flow hedge reserve. Amount recognised in the cash flow hedge reserve is reclassified to the statement of profit or loss when the hedged item affects profit or loss.

### Distribution made and proposed

Particulars	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
<b>Proposed dividend on equity shares:</b>		
Proposed dividend for the year ended on March 31,2023: ₹ 1.30 per share (31 <sup>st</sup> March, 2022: Nil)	1,163.49	-

Proposed dividend on equity shares are subject to approval at the Annual General Meeting and is not recognised as a liability as at year end.

The Company has complied with the provisions of Section 123 of the Companies Act, 2013 related to dividend declared.

### 14. Borrowings

#### 14.1 Non-current Borrowings

Particulars	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
<b>Secured</b>		
Term Loans		
-Indian rupee loan from banks [refer note no. 14A (1) & (4)]	2,619.79	3,017.75
-Foreign currency loan from banks [refer note no. 14A (2)]	1,346.87	-
-Foreign currency Reimbursement Authorisation (RA) Financing arrangement [refer note no. 14A (3)]	4,450.95	4,853.56
	<b>8,417.61</b>	<b>7,871.31</b>
Less: Current maturity of long term loans		
-Term loan from banks (Indian Ruppee)	(658.54)	(466.75)
-Term loan from banks (Foreign Currency)	(403.49)	-
-RA Financing arrangement from Banks	(1,537.98)	-
<b>Total</b>	<b>5,817.60</b>	<b>7,404.56</b>

#### 14.2 Current borrowings

Particulars	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
<b>Secured</b>		
-Indian rupee loan (Working Capital) from bank [refer note no. 14A (5)]	12,450.56	10,424.03
Current maturity of Long term loans		
-Indian rupee loan from banks [refer note no. 14A (1)]	658.54	466.75
-Foreign currency loan from banks [refer note no. 14A (2)]	403.49	-
-Foreign currency RA Financing arrangement [refer note no. 14A (3)]	1,537.98	-
<b>Unsecured</b>		
- Bill discounting from bank [refer note no. 14A (6) and (7)]	983.44	3,543.28
- Indian rupee loan from financial institutions [refer note no. 14A (9)]	-	1,996.60
- Loan from directors [refer note no. 14A (8)]	-	200.00
<b>Total</b>	<b>16,034.01</b>	<b>16,630.66</b>



## Notes to Standalone Financial Statement

For the year ended March 31, 2023

(All amount in ₹ Lacs, except for share capital note or otherwise stated)

### 14.3 Summary of secured and unsecured loans as follows:

Particulars	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
Secured Long term Borrowings	8,417.61	7,871.31
Secured Short term Borrowings	12,450.56	10,424.03
Unsecured Short term Borrowings	983.44	5,739.88
<b>Total Borrowings</b>	<b>21,851.61</b>	<b>24,035.22</b>

#### Notes:

- 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.
- Term loans were applied for the purpose for which the loans were obtained.

### 14A Security, repayment & pricing details

Note Ref.	Nature	Bank Name	Balance outstanding as at 31 <sup>st</sup> March, 2023	Interest rate	Repayable in	Security Details
1	Term Loan in Indian Rupee-I	Yes Bank	₹ 1,343.20 Lacs (March 31,2022 ₹ 1,582.06 Lacs)	7.15-8.69%	12 Quarterly Instalments of ₹ 89.54 Lacs, ₹ 119.43 Lacs, ₹126.86 Lacs - 4 times each. Quarterly Instalment over 3 years. Instalment starting from Dec 22 and last instalment due in Mar 26	- Second Pari Passu charge on entire current assets of the company, both present & future; - First Pari Passu charge on all movable fixed assets of the company, 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, opp Garg Furnace, PO Office Jugiana, Ludhiana.
1	Term Loan in Indian Rupee-II	Yes Bank	₹ 1,276.59 Lacs (March 31,2022 ₹ Nil)	7.30-8.69%	17 Quarterly Instalments of ₹ 75.09 Lacs each over 4 years. (Part of the Term Loan Sanctioned of ₹ 6,000 Lacs). Instalment starting from Jul 22 and last instalment due in Apr 27	Second Pari Passu charge on entire current assets of the Company, both present & future; - First Pari Passu charge on all movable fixed assets of the Company, 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.
2	Term Loan in Foreign Currency	ICICI Bank	Euro 15.08 Lac equivalent to ₹ 1,346.87 Lacs (31 <sup>st</sup> March, 2022: in Euro Nil, ₹ 1,423.80)	3.60-8.10%	16 Quarterly Instalments of ₹ 57.64 Lacs, and 4 quarterly instalment of 86.46 Lacs, 115.28 Lacs & 120.57 Lacs each in over 3 years. Instalment starting from Dec 18 and last instalment due in Mar 26	Second pari passu charge over entire current assets of the Company, both present and future; First pari passu charge over all movable fixed assets of the Company, 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.

## Notes to Standalone Financial Statement

For the year ended March 31, 2023

(All amount in ₹ Lacs, except for share capital note or otherwise stated)

Note Ref.	Nature	Bank Name	Balance outstanding as at 31 <sup>st</sup> March, 2023	Interest rate	Repayable in	Security Details
3	Term loan in Foreign Currency (Reimbursement authorisation Financing arrangement)	Bank of Baroda, Mauritius (backed by Guarantee from Yes Bank)	Euro 47.63 Lac equivalent to ₹ 4,252.40 Lacs (31 <sup>st</sup> March, 2022: Euro 57.63 Lac equivalent to ₹ 4,853.56 Lacs)	0.98-1.34%	Repayable from sanctioned term loan* of INR of ₹ 6,000 Lacs from Yes Bank by 30 <sup>th</sup> June, 2023. From March 23 to December 2023. First installment due on March 24. 5 instalments will be paid on March 24 *further payable in 20 quarterly instatlment of ₹ 212.62 Lacs each from July'22 to April'27 over a period of 5 years	Second Pari Passu charge on entire current assets of the Company, both present & future; - First Pari Passu charge on all movable fixed assets of the Company, 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.
3	Term loan in Foreign Currency (Reimbursement authorisation Financing arrangement)	ICICI bank, Frankfurt (backed by Guarantee from ICICI Bank)	Euro 2.22 Lac equivalent to ₹ 198. 55 Lacs (March 31,2022: Nil)	4.19%	Repayable from sanctioned term loan* of INR of ₹ 6,000 Lacs from ICICI Bank by 27 <sup>th</sup> November, 2023. From July 2022 to April 2027. First installment due on June 23.5 instalments will be paid on July 23. *further payable in 20 quarterly instalment of ₹ 9.93 Lacs each from March'23 to Dec'27 over a period of 5 years	Second Pari Passu charge on entire current assets of the Company, both present & future; - First Pari Passu charge on all movable fixed assets of the Company, 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.
4	Vehicle loans	HDFC Bank	₹ Nil (March 31,2022 ₹ 11.89 Lacs)	8.02%, 9.01%, 9.76%	Nil, (31 <sup>st</sup> March, 2022: Repayable in monthly instalment with last instalment due in Oct-22.)	- Secured by way of hypothecation on the asset financed by the banks
5	Cash Credit, Working capital demand loan & Export Packing credit	HDFC Bank	₹ 2,140.80 Lacs (March, 31,2022 ₹ 4,076.20 Lacs)	4.00%-7.85%	On Demand, However renewable on annual basis.	First pari passu charge over entire current assets of the Company, both present and future Second pari passu charge over all movable fixed assets of the Company, both present and future Second pari passu charge on immovable property of the Company located at all the plants
5	Cash Credit, Working capital demand loan & Export Packing credit	ICICI Bank	₹ 4,868.95 Lacs (March,31, 2022 ₹ 1,782.99 Lacs)	5.15-8.25%	On Demand, However renewable on annual basis.	
5	Cash Credit, Working capital demand loan & Export Packing credit	Yes Bank	₹ 5,440.81 Lacs (March, 31, 2022 ₹ 4,564.84 Lacs)	5.17-8.69%	On Demand, However renewable on annual basis.	
6	Bill Discounting	Kotak Mahindra Bank	₹ NIL (March 31,2022 ₹ 2,802.98 Lacs)	6.90%-8.00%	within 60 to 180 days from the discounting	Drawn on Customers under the Letter of credit issued by their bank
7	Bill Discounting	ICICI Bank	₹ 983.44 Lacs (March 31,2022 ₹ 740.30 Lacs)	4.70%-7.60%	Within 60 to 180 days from the discounting	Drawn on Customers under the Letter of credit issued by their bank
8	Unsecured loan	Loan from Directors	₹ NIL (March 31,2022 ₹ 200.00 Lacs)	9.00%	On demand	Unsecured
9	Unsecured loan	Bajaj Finance	₹ NIL Lacs (March, 31, 2022 ₹ 1,996.60 Lacs)	5.90%-7.00%	Repayment within 90 days of availing the facility.	Unsecured

## Notes to Standalone Financial Statement

For the year ended March 31, 2023

(All amount in ₹ Lacs, except for share capital note or otherwise stated)

### 15. Provisions

Particulars	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
<b>Current</b>		
Provisions for employees benefits		
Provision for gratuity (Refer note 33)	157.55	117.62
Provision for Compensated absences	221.19	149.34
<b>Total</b>	<b>378.74</b>	<b>266.96</b>

### 16. Income tax and Deferred tax liabilities

The major components of income tax expense for the year ended 31st March, 2023 and 31st March, 2022 are as follows:

Particulars	For the Year ended 31 <sup>st</sup> March, 2023	For the Year ended 31 <sup>st</sup> March, 2022
<b>Current income tax</b>		
Current income tax charge	6,854.27	4,691.64
Adjustments in respect of income tax of earlier years	(9.17)	17.48
<b>Deferred tax</b>		
Relating to origination and reversal of temporary differences (for current year)	279.81	267.24
Relating to origination and reversal of temporary differences (for earlier years)	7.90	-
<b>Income tax expense reported in the Statement of profit and loss</b>	<b>7,132.82</b>	<b>4,976.36</b>
<b>OCI Section</b>		
Tax on items recognised in OCI On remeasurement of defined benefit plans	7.82	10.94
Tax on items recognising on effective portion of cash flow hedges	277.51	-

### Reconciliation of tax expense and the accounting profit multiplied by domestic tax rate for 31<sup>st</sup> March, 2023 and 31<sup>st</sup> March, 2022

Particulars	For the Year ended 31 <sup>st</sup> March, 2023	For the Year ended 31 <sup>st</sup> March, 2022
<b>Accounting profit before tax</b>	28,002.92	19,204.56
At India's statutory income tax rate of 25.168 % (31 <sup>st</sup> March, 2022: 25.168%)	7,047.78	4,833.40
Previous year tax adjustment	(1.26)	17.48
<b>Non deductible expenses</b>		
Expenses disallowed for tax purpose	86.30	125.52
<b>Reported income tax expenses</b>	<b>7,132.81</b>	<b>4,976.40</b>
<b>Effective tax rate</b>	<b>25.47%</b>	<b>25.91%</b>

### 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	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022	For the Year ended 31 <sup>st</sup> March, 2023	For the Year ended 31 <sup>st</sup> March, 2022
- Impact of difference between tax depreciation/amortisation and depreciation/amortisation for the financial reporting	(2,951.95)	(2,602.96)	(348.99)	(387.27)
- Impact of MTM income As per IND-AS	277.48	(7.65)	285.13	(1.43)
- Provision for doubtful debts/advances	167.91	165.21	2.70	26.50
- Expenses allowed on payment basis (43B items)	123.99	92.01	31.98	84.01
- Others*	78.02	59.04	18.98	-
<b>Net Deferred tax assets/(Deferred tax liabilities)</b>	<b>(2,304.55)</b>	<b>(2,294.35)</b>	<b>(10.20)</b>	<b>(278.19)</b>

## Notes to Standalone Financial Statement

For the year ended March 31, 2023

(All amount in ₹ Lacs, except for share capital note or otherwise stated)

### Reflected in the balance sheet as follows:

Particulars	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
At the beginning of the year	(2,294.35)	(2,016.17)
Tax (expense)/income for the period recognised in statement of profit and loss	(287.71)	(267.24)
Tax (expense)/income for the period recognised in OCI	277.51	(10.94)
<b>Deferred Tax Assets/(Liabilities)-Net</b>	<b>(2,304.55)</b>	<b>(2,294.35)</b>

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

Particulars	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
<b>Trade payables</b>		
Total outstanding dues of micro enterprises and small enterprises (Refer note 30)	606.64	533.08
Total outstanding dues of creditors other than micro enterprises and small enterprises	4,156.31	3,877.93
Trade payable to related parties (Refer note 35)	10.82	12.12
<b>Total</b>	<b>4,773.77</b>	<b>4,423.13</b>

### 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 31<sup>st</sup> March, 2023

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	-	530.33	76.31	-	-	-	606.64
Total outstanding dues of creditors other than micro enterprises and small enterprises	295.24	2,768.12	1,078.31	17.57	2.40	5.49	4,167.13
Disputed dues of micro enterprises and small enterprises	-	-	-	-	-	-	-
Disputed dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-	-	-
<b>Total</b>	<b>295.24</b>	<b>3,298.45</b>	<b>1,154.62</b>	<b>17.57</b>	<b>2.40</b>	<b>5.49</b>	<b>4,773.77</b>



# Notes to Standalone Financial Statement

For the year ended March 31, 2023

(All amount in ₹ Lacs, except for share capital note or otherwise stated)

## As at 31<sup>st</sup> 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	911.35	2,002.47	963.17	3.99	8.75	0.32	3,890.05
Disputed dues of micro enterprises and small enterprises	-	-	-	-	-	-	-
Disputed dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-	-	-
<b>Total</b>	<b>911.35</b>	<b>2,466.82</b>	<b>1,029.69</b>	<b>6.20</b>	<b>8.75</b>	<b>0.32</b>	<b>4,423.13</b>

## 18. Other financial liabilities-current

Particulars	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
Interest accrued but not due on borrowings	107.83	91.01
Interest on income tax and others	44.80	0.22
Capital creditors-micro enterprises and small enterprises	59.48	204.25
Capital creditors - Other than micro enterprises and small enterprises	340.74	1,234.56
Derivative instruments at fair value through profit or loss(Refer note 36)	256.71	-
Derivative instruments at fair value through other comprehensive income (OCI) (Refer note 36)	1,102.63	-
Employee dues payable	686.62	518.64
<b>Total</b>	<b>2,598.81</b>	<b>2,048.68</b>

## 19. Other current liabilities

Particulars	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
Contract Liabilities *	146.05	161.63
Statutory dues payable**	631.28	385.58
<b>Total</b>	<b>777.33</b>	<b>547.21</b>

\*Contract Liabilities 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's include tax deducted at source, tax collected at source, goods and services tax, employee state insurance and provident fund payable.

## Break up of financial liabilities carried at amortised cost

Particulars	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
Borrowings (Refer Note 14)	21,851.61	24,035.22
Trade Payables (Refer note 17)	4,773.77	4,423.13
Other financial liabilities - current (Refer note 18)	1,239.47	2,048.68
<b>Total</b>	<b>27,864.85</b>	<b>30,507.03</b>

# Notes to Standalone Financial Statement

For the year ended March 31, 2023

(All amount in ₹ Lacs, except for share capital note or otherwise stated)

## Break up of financial liabilities carried at amortised cost

Particulars	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
Derivative instruments at fair value through profit or loss (Refer note 18)	256.71	-
Derivative instruments at fair value through other comprehensive income (OCI) (Refer note 18)	1,102.63	-
<b>Total</b>	<b>1,359.34</b>	<b>-</b>

## 20. Revenue from contract with customers

Particulars	For the Year ended 31 <sup>st</sup> March, 2023	For the Year ended 31 <sup>st</sup> March, 2022
<b>Sale of Products</b>		
- Sale of finished goods	1,06,694.87	78,556.50
<b>Sale of services</b>		
- Die design and preparation charges	655.96	807.38
-Job work charges	0.58	6.26
<b>Total revenue from contract with customer (i)</b>	<b>1,07,351.41</b>	<b>79,370.14</b>
<b>Other operating revenues</b>		
- Sale of manufacturing scrap	8,742.26	6,439.09
- Government Grants (Refer Note no. 39)	3,559.21	194.74
- Others	-	0.56
<b>Total other operating revenue (ii)</b>	<b>12,301.47</b>	<b>6,634.39</b>
<b>Total (i+ii)</b>	<b>1,19,652.88</b>	<b>86,004.53</b>

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

Particulars	For the Year ended 31 <sup>st</sup> March, 2023	For the Year ended 31 <sup>st</sup> March, 2022
Revenue as per contracted price	1,07,643.66	79,465.67
Adjustment for:		
Discount and Incentives as per contact/schemes	(292.25)	(95.53)
<b>Revenue from contract with customers</b>	<b>1,07,351.41</b>	<b>79,370.14</b>

## 20.2 Timing of revenue recognition

Particulars	For the Year ended 31 <sup>st</sup> March, 2023	For the Year ended 31 <sup>st</sup> March, 2022
Goods transferred at a point in time	1,07,350.83	79,363.88
Services transferred over time	0.58	6.26
<b>Total revenue from contracts with customers</b>	<b>1,07,351.41</b>	<b>79,370.14</b>

## 20.3 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 150 days.

### 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.

## Notes to Standalone Financial Statement

For the year ended March 31, 2023

(All amount in ₹ Lacs, except for share capital note or otherwise stated)

### 20.4 Contract balances

Particulars	For the Year ended 31 <sup>st</sup> March, 2023	For the Year ended 31 <sup>st</sup> March, 2022
Trade Receivables ( Refer Note 9)	30,805.76	22,203.59
Contract Assets ( Refer Note 6.1)	1.05	180.96
Contract Liabilities ( Refer Note 19)	146.05	161.63

### 21. Other Income

Particulars	For the Year ended 31 <sup>st</sup> March, 2023	For the Year ended 31 <sup>st</sup> March, 2022
Interest income		
-on term deposits with bank	4.98	41.27
-on Electricity deposit	40.31	31.15
-on Income Tax Refund	9.04	-
Gain on sale of Investment *	1.85	-
Gain on Foreign Exchange variation (net)	454.64	445.46
Fair value gain on financial instruments at fair value through profit or loss	-	72.38
Bad debts recovered	31.12	-
Gain from sale of Property, Plant and equipment (net)	4.58	-
Miscellaneous income**	28.60	15.59
<b>Total</b>	<b>575.12</b>	<b>605.85</b>

\*Gain on sale of Investment in joint venture (refer note 5)

\*\* Includes insurance claim and rental income

### 22. Cost of raw material and components consumed

Particulars	For the Year ended 31 <sup>st</sup> March, 2023	For the Year ended 31 <sup>st</sup> March, 2022
Inventory at the beginning of the year (Refer note 8) (a)	7,251.67	5,793.98
Purchases during the year (b)	53,225.21	45,362.61
Sale during the year (c )	0.25	320.22
Inventory at the end of the year (refer note 8) (d)	5,704.17	7,251.67
<b>Total (a+b-c-d)</b>	<b>54,772.46</b>	<b>43,584.70</b>

### 23. (Increase)/decrease in inventories of finished goods, work-in-process and scrap

Particulars	For the Year ended 31 <sup>st</sup> March, 2023	For the Year ended 31 <sup>st</sup> March, 2022
<b>Inventory at the beginning of the year (Refer note 8)</b>		
-Finished Goods	4,506.02	2,592.57
-Work In progress	5,914.86	3,021.01
-Scrap	71.49	133.34
<b>Sub Total (a)</b>	<b>10,492.37</b>	<b>5,746.92</b>
<b>Inventory at the end of the year (Refer note 8)</b>		
-Finished Goods	5,413.72	4,506.02
-Work In progress	4,633.98	5,914.86
-Scrap	111.48	71.49
<b>Sub Total (b)</b>	<b>10,159.18</b>	<b>10,492.37</b>
<b>(Increase)/decrease in inventories of finished goods, work-in-progress and scrap (a-b)</b>	<b>333.19</b>	<b>(4,745.45)</b>

## Notes to Standalone Financial Statement

For the year ended March 31, 2023

(All amount in ₹ Lacs, except for share capital note or otherwise stated)

### 24. Employee benefits expense (Refer note 27(b))

Particulars	For the Year ended 31 <sup>st</sup> March, 2023	For the Year ended 31 <sup>st</sup> March, 2022
Salaries, wages and bonus	7,758.12	6,052.62
Contribution to provident fund and other funds	706.09	565.49
Gratuity (Refer note 33)	188.73	161.07
Staff welfare expenses	124.88	88.40
<b>Total</b>	<b>8,777.82</b>	<b>6,867.58</b>

### 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.

### 25. Finance Costs (Also refer note 27(b))

Particulars	For the Year ended 31 <sup>st</sup> March, 2023	For the Year ended 31 <sup>st</sup> March, 2022
<b>Interest expenses (At amortised Cost)</b>		
- on borrowings**	965.03	445.17
- on others ***	44.81	0.22
Interest on bill discounting #	181.21	188.58
Other borrowing cost *	56.53	81.91
<b>Total</b>	<b>1,247.58</b>	<b>715.88</b>

\*\*includes interest paid on 'loans from directors' of ₹ 12.61 Lacs (31<sup>st</sup> March, 2022: ₹ 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.

\*\*\* includes interest on income tax ₹ 42.95 Lacs (31<sup>st</sup> March, 2022: Nil)

### 26. Depreciation and amortisation expenses

Particulars	For the Year ended 31 <sup>st</sup> March, 2023	For the Year ended 31 <sup>st</sup> March, 2022
Depreciation on property, plant and equipment (refer note 3)	5,383.50	3,747.85
Amortisation on intangible assets (refer note 4)	34.74	26.33
<b>Total</b>	<b>5,418.24</b>	<b>3,774.18</b>

### 27. Other Expenses

Particulars	For the Year ended 31 <sup>st</sup> March, 2023	For the Year ended 31 <sup>st</sup> March, 2022
Consumption of stores and spares	5,623.25	4,345.27
Power and fuel Expenses (net) #	7,576.40	6,765.42
Packing material	791.49	623.86
Job work charges	1,055.39	810.32
Rent expenses (refer note 31)	25.31	22.40
Rates and taxes	71.76	22.10
Repairs and maintenance:		
- Plant and machinery	2,098.35	1,615.61
- Building	29.18	27.66
- others	124.66	65.56



## Notes to Standalone Financial Statement

For the year ended March 31, 2023

(All amount in ₹ Lacs, except for share capital note or otherwise stated)

Particulars	For the Year ended 31 <sup>st</sup> March, 2023	For the Year ended 31 <sup>st</sup> March, 2022
Travelling & Conveyance expenses	203.97	69.33
Advertisement and sales promotion expenses	68.22	29.61
Freight and forwarding charges	2,585.95	2,011.52
Director's sitting fees	7.60	5.50
Payment to Auditors (refer note. 27a)	43.53	54.47
Legal and professional fees	224.37	119.52
Provision for doubtful receivables, advances and deposits	18.43	5.81
CSR expenditure (refer note 34)	271.55	265.93
Donation	6.02	1.58
Fair value loss on financial instruments at fair value through profit or loss	256.71	-
Property, plant and equipment written off	157.95	-
Insurance	227.62	179.42
Miscellaneous expenses*	208.08	168.04
<b>Total</b>	<b>21,675.79</b>	<b>17,208.93</b>

\* 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 ₹ 343.18 Lacs (31<sup>st</sup> March, 2022 ₹ 314.89 Lacs) on account of electricity duty subsidy receivable from Government. (Refer note 39)

### 27(a) Payment to Auditors

Particulars	For the Year ended 31 <sup>st</sup> March, 2023	For the Year ended 31 <sup>st</sup> March, 2022
<b>As statutory auditors</b>		
(i) Audit Fee	40.00	49.00
(ii) Certification charges	-	0.50
(iii) Reimbursement of expenses	3.53	4.97
<b>Total</b>	<b>43.53</b>	<b>54.47</b>

### 27(b) Capitalisation of expenditures

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.

Particulars	For the Year ended 31 <sup>st</sup> March, 2023	For the Year ended 31 <sup>st</sup> March, 2022
Interest on bank facilities @ 7.32% (31 <sup>st</sup> March, 2022: 6.85 %) (Specific borrowings)	27.38	42.52
Interest on bank facilities @ 5.58% (31 <sup>st</sup> March, 2022: 5.71%) (General borrowings)	224.28	346.76
Salaries wages and bonus	90.37	97.26
<b>Total</b>	<b>342.03</b>	<b>486.54</b>

### 28. Earnings Per Share (EPS)

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

Particulars	For the Year ended 31 <sup>st</sup> March, 2023	For the Year ended 31 <sup>st</sup> March, 2022
(I) Net Profit attributable to equity shareholders of the Company	20,870.11	14,228.20
(II) Weighted average number of Equity shares for EPS (II)		
-Basic (Face Value ₹ 2/- per share (March, 31, 2022: ₹ 2/-per share)	8,94,99,000	8,94,99,000
-Diluted (Face Value ₹ 2/- per share (March, 31, 2022: ₹ 2/-per share)	8,94,99,000	8,94,99,000
(III) Earning per equity share [nominal value of ₹ 2 per share] (March 31,2022 of ₹ 2 per share) [(I)/(II)]		
-Basic and Diluted	23.32	15.90

## Notes to Standalone Financial Statement

For the year ended March 31, 2023

(All amount in ₹ Lacs, except for share capital note or otherwise stated)

- 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.
- Since the bonus issue was without consideration, it is treated as if it had occurred before the beginning of April 2020, the earliest period presented.

### 29. Contingent liabilities and commitments

Particulars	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
<b>a. Contingent Liabilities</b>		
Claims against the Company not acknowledged as debts:		
(i) Excise/Goods & service tax demands (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)	187.35	216.75
(ii) Income tax demands (Demands for Additions on account of unaccounted sales of stock/excess share premium received and for disallowance for late deposition of statutory dues)	173.11	143.24
The above matters are subject to legal proceedings in the ordinary course of business. On the basis of the 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.		
<b>b. Capital Commitments</b>		
Estimated amount of contracts remaining to be executed on capital expenditure and not provided for (net of advances)	11,364.44	12,635.96
<b>c. EPCG Commitment</b>		
The Company has export obligations to the extent ₹ 4,597.57 Lacs (as at 31 <sup>st</sup> March, 2022 ₹ 13,437.00 Lacs) of on account of concessional rates of import duties paid on capital goods under the Export Promotion Capital Goods Scheme enacted by the Government of India which is to be fulfilled over the next eight/six years. Due to the remote likelihood of the Company being unable to meet its export obligations, the Company does not anticipate a loss with respect to these obligations and hence has not made any provision in its financial statements.	766.27	2,239.50
<b>d. Outstanding Bank guarantees</b>	176.43	174.73

### 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:

Particulars	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end (Refer note 17 and 18)	666.12	737.33
Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year end	1.86	0.22
	<b>667.98</b>	<b>737.55</b>
Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed day during the year	89.75	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	1.86	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	-	-

# Notes to Standalone Financial Statement

For the year ended March 31, 2023

(All amount in ₹ Lacs, except for share capital note or otherwise stated)

## 31. Lease

The Company incurred ₹ 25.31 Lacs for the year ended 31<sup>st</sup> March 2023 (March 31,2022 ₹ 22.40 Lacs ) towards expenses relating to short terms leases and leases of low value assets and the same is recognised under other expenses in statement of Profit and loss account. Leases mainly comprise of facilities taken for sales office and as warehouse facilities.

## 32. Segment Information

The Company business comprises only the Forging segment where the Company sells forged products comprising of forgings and machined components for the 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 Company's Chairman and Managing Director is the Chief Operating Decision Maker (CODM) and monitors all operating segments' operating results to make decisions about resources to be allocated to the segments and assess their performance. As the Cheif operating decision maker of the Company assesses the financial performance and position of the Company as a whole and maker strategic decision, the management considers manufacturing of forgings and related components as a single operating segment as per Ind As 108, hence separate segment disclosure, have not been furnished.

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

Revenue from contract with customers	For the Year ended 31 <sup>st</sup> March, 2023	For the Year ended 31 <sup>st</sup> March, 2022
Within India	93,516.30	70,688.76
Outside India	13,835.11	8,681.38
<b>Total</b>	<b>1,07,351.41</b>	<b>79,370.14</b>

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
Year ended March 31,2023	1	17,667.78
Year ended March 31,2022	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.

## 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:

Particulars	For the Year ended 31 <sup>st</sup> March, 2023	For the Year ended 31 <sup>st</sup> March, 2022
<b>(i) Changes in the present value of defined benefit obligation</b>		
Present value of defined benefit obligation as at year beginning	664.60	550.15
Current Service Cost	180.29	155.20
Past Service cost	-	-
Interest Cost	47.72	37.35

# Notes to Standalone Financial Statement

For the year ended March 31, 2023

(All amount in ₹ Lacs, except for share capital note or otherwise stated)

Particulars	For the Year ended 31 <sup>st</sup> March, 2023	For the Year ended 31 <sup>st</sup> March, 2022
<b>Remeasurements (gains)/losses</b>		
-Actuarial (gains)/losses arising from changes in demographic assumptions	-	-
-Actuarial (gains)/losses arising from changes in financial assumptions	(15.93)	(28.50)
-Actuarial (gains)/losses arising from changes in experience adjustments	(12.36)	(13.54)
<b>Benefits Paid</b>	<b>(61.56)</b>	<b>(36.06)</b>
<b>Present value of defined benefit obligation as at year end</b>	<b>802.76</b>	<b>664.60</b>

Particulars	For the Year ended 31 <sup>st</sup> March, 2023	For the Year ended 31 <sup>st</sup> March, 2022
<b>(ii) Changes in fair value of plan assets</b>		
Fair Value of Plan Assets as at year beginning	546.98	463.67
<b>Remeasurements (gains)/losses</b>	-	-
-Return on plan assets, (excluding amount included in net Interest expense)	42.04	32.89
-Fund Management Charges	-	-
Employer's Contribution	117.74	86.48
Benefits Paid	(61.56)	(36.06)
<b>Fair Value of Plan Assets as at year end</b>	<b>645.20</b>	<b>546.98</b>

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

#### Expense recognised in the Statement of Profit or Loss:

Particulars	For the Year ended 31 <sup>st</sup> March, 2023	For the Year ended 31 <sup>st</sup> March, 2022
Current Service Cost	180.29	155.20
Net Interest Cost/(Income)	8.44	5.87
<b>Net Cost Recognised in the Statement of Profit or Loss</b>	<b>188.73</b>	<b>161.07</b>

#### Expense recognised in the Other Comprehensive Income:

Particulars	For the Year ended 31 <sup>st</sup> March, 2023	For the Year ended 31 <sup>st</sup> March, 2022
Remeasurements (gains)/losses	(28.29)	(42.04)
Actuarial (gain)/Loss for the year on asset	(2.77)	(1.41)
<b>Net Cost/(gain) Recognised in the Other comprehensive income (OCI)</b>	<b>(31.06)</b>	<b>(43.45)</b>

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

Particulars	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
<b>Amounts Recognised in the Balance Sheet</b>		
Present value of defined benefit obligation at the year end	802.76	664.60
Fair Value of the Plan Assets at the year end	(645.21)	(546.98)
<b>Liability/(Asset) Recognised in the Balance Sheet</b>	<b>157.55</b>	<b>117.62</b>

### (v) A quantitative sensitivity analysis for significant assumption as at year end is as shown below:

a) Impact of change in discount rate	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
Present Value of obligation at the end of the year	802.76	664.60
a) Impact due to increase of 0.5%	(43.88)	(35.87)
b) Impact due to decrease of 0.5%	48.21	39.43



## Notes to Standalone Financial Statement

For the year ended March 31, 2023

(All amount in ₹ Lacs, except for share capital note or otherwise stated)

b) Impact of change in Salary increase	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
Present Value of obligation at the end of the year	802.76	664.60
a) Impact due to increase of 0.5%	46.60	38.20
b) Impact due to decrease of 0.5%	(42.86)	(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.

### (vi) Expected contribution for the next Annual reporting period

Particulars	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
a) Service cost	231.55	199.65
b) Net interest cost	11.60	8.44
c) Expected expense for the next annual reporting period	243.15	208.10

### (vii) Significant Actuarial Assumptions

Particulars	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
Discount Rate	7.36%	7.18%
Number of Employees	2,909	2,639
Maximum Gratuity amount limit	20 Lacs	20 Lacs
Mortality Rates inclusive of provision for disability	100% of IALM(2012-14)	100% of IALM(2012-14)
Future Salary Increase (%)	7.00%	7.00%
Retirement Age (Years)	58	58
<b>Attrition at Ages</b>		
Up to 30 Years	5.00%	5.00%
From 31 to 44 years	3.00%	3.00%
Above 44 years	2.00%	2.00%

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.

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

Particulars	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
Funds managed by Insurer	100%	100%
<b>Total</b>	<b>100%</b>	<b>100%</b>

## Notes to Standalone Financial Statement

For the year ended March 31, 2023

(All amount in ₹ Lacs, except for share capital note or otherwise stated)

### (ix) Maturity profile of Defined benefit obligation

Year	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
0 to 1 years	107.07	100.45
1 to 2 years	20.33	23.67
2 to 3 years	28.97	18.27
3 to 4 years	22.14	23.26
4 to 5 years	32.30	17.53
5 to 6 years	33.12	25.33
6 years and beyond	558.84	456.09
<b>Total</b>	<b>802.76</b>	<b>664.60</b>

The average duration of the defined benefit plan obligation at the end of reporting period is 15.94 years (31<sup>st</sup> March, 2022: 15.97 years)

### 34. Detail of expenditure incurred on Corporate Social Responsibilities

Particulars	For the Year ended 31 <sup>st</sup> March, 2023	For the Year ended 31 <sup>st</sup> March, 2022
a) Gross amount required to be spent by the Company during the year	271.55	244.88
b) Amount approved by the Board to be spent during the year	300.00	270.00

b) Amount spent during the year:

Particulars	For the Year ended 31 <sup>st</sup> March, 2023	For the Year ended 31 <sup>st</sup> March, 2022
Construction/acquisition of any asset	78.13	54.30
On purpose other than above (i) above	136.43	265.93
<b>Total amount spent during the year</b>	<b>214.56</b>	<b>320.23</b>

Amount spent during the year ending on 31 <sup>st</sup> March, 2023:	In cash	Yet to be paid in cash	Total
i) Construction/acquisition of any asset	78.13	56.99	135.12
ii) On purposes other than (i) above	136.43	-	136.43

Amount spent during the year ending on 31 <sup>st</sup> 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

In case of S. 135(6) (Ongoing project)	For the Year ended 31 <sup>st</sup> March, 2023	For the Year ended 31 <sup>st</sup> March, 2022
<b>Opening Balance</b>		
- With Company	-	-
- In Separate CSR Unspent A/c	41.47	95.00
Amount required to be spent	135.12	-
<b>Amount spent during the year</b>		
-From Company's bank A/c	78.13	0.77
-From Separate CSR Unspent A/c	41.47	53.53
<b>Closing balance</b>		
- With Company	-	-
- In Separate CSR Unspent A/c	-	41.47
Amount required to be deposited in separate bank account	56.99	-
Actual amount deposited in Unspent Account after the year end	60.00	-

## Notes to Standalone Financial Statement

For the year ended March 31, 2023

(All amount in ₹ Lacs, except for share capital note or otherwise stated)

In case of S. 135(5) (Other than ongoing project)	For the Year ended 31 <sup>st</sup> March, 2023	For the Year ended 31 <sup>st</sup> March, 2022
Opening Balance		
Amount required to be spent during the year	136.43	244.88
Amount spent during the year	136.43	265.93
Amount deposited in Specified Fund of Schedule VII within 6 months	-	-
<b>Closing Balance</b>	<b>-</b>	<b>-</b>

### 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 hbn
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. Parkash Bagla	Non-Executive Director (Nominee Director)
vii. Vikas Giya	Independent Director *
viii. Nitin Aggarwal	Non- executive Director
ix. Satish Sekhri	Independent Director *
x. Ravindra Pisharody (w.e.f 16 <sup>th</sup> June, 2022)	Independent Director *
xi. Suresh Chander Garg (upto 24 <sup>th</sup> February 2022)	Independent Director *
xii. Pankaj Kumar Goyal	Chief financial officer
xiii. Bindu Garg (w.e.f. 12 <sup>th</sup> July, 2022)	Company Secretary
xiv. Depesh Kumar (Upto 14 <sup>th</sup> June, 2022)	Company Secretary

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

- Ayush Capital and Financial Services Private Limited
- Happy Steels Private Limited
- Technomic Industries (proprietorship)
- Gamo Forgings Private Limited
- Venus Industrial Corporation( partnership)
- Northstar Autocomp Private Limited
- Paritosh Kumar HUF
- Ashish Garg & Sons HUF

#### 3) Other related parties

- Linchpin technologies Private Ltd. (Joint Venture) (w.e.f. 8<sup>th</sup> January, 2022, Upto 31<sup>st</sup> March, 2023)
- VVDN Technologies Private Limited (Co-venturer, Linchpin technologies Pvt. Ltd.) (w.e.f. 8<sup>th</sup> January, 2022, Upto 31<sup>st</sup> March, 2023)

\* 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.

## Notes to Standalone Financial Statement

For the year ended March 31, 2023

(All amount in ₹ Lacs, except for share capital note or otherwise stated)

Particulars	Key Management Personnel and their relatives		Enterprises over which Key Management Personnel & their relatives are able to exercise significant influence	
	For the Year ended 31 <sup>st</sup> March, 2023	For the Year ended 31 <sup>st</sup> March, 2022	For the Year ended 31 <sup>st</sup> March, 2023	For the Year ended 31 <sup>st</sup> March, 2022
<b>A) Transactions</b>				
<b>Sale of finished goods(Inclusive of GST)</b>				
Happy Steel Private Limited			10.70	1.58
Northstar Autocomp Private Limited			8.06	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>18.76</b>	<b>1.58</b>
<b>Sale of Raw Material(Inclusive of GST)</b>				
Technomec Industries			-	6.71
Venus Industrial Corporation			-	34.88
Northstar Autocomp Private Limited			0.30	1.98
<b>Total</b>	<b>-</b>	<b>-</b>	<b>0.30</b>	<b>43.57</b>
<b>Job Work Sales(Inclusive of GST)</b>				
Technomec Industries			0.23	0.17
Northstar Autocomp Private Limited			0.77	-
Happy Steel Private Limited			-	1.25
Venus Industrial Corporation			-	2.31
<b>Total</b>	<b>-</b>	<b>-</b>	<b>1.00</b>	<b>3.73</b>
<b>Job Work Expenses(Inclusive of GST)</b>				
Happy Steel Private Limited			1.94	4.15
Technomec Industries			64.12	75.13
<b>Total</b>	<b>-</b>	<b>-</b>	<b>66.06</b>	<b>79.28</b>
<b>Reimbursement of freight(Inclusive of GST)</b>				
Technomec Industries			1.85	2.70
<b>Total</b>	<b>-</b>	<b>-</b>	<b>1.85</b>	<b>2.70</b>
<b>Purchase of PPE (Inclusive of GST)</b>				
Happy Steels Private Limited			31.86	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>31.86</b>	<b>-</b>
<b>Repair work expenses(Inclusive of GST)</b>				
Happy Steels Private Limited			-	0.12
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.12</b>
<b>Purchase of Unquoted equity shares from Linchpin Technologies Private Limited</b>				
VVDN Technologies Private Limited			-	41.20
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>41.20</b>
<b>Sale of Unquoted equity shares of Linchpin Technologies Private Limited</b>				
VVDN Technologies Private Limited			43.05	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>43.05</b>	<b>-</b>
<b>Reoayment of loan</b>				
Ashish Garg	190.00	75.00		
Megha Garg	10.00	-		
<b>Total</b>	<b>200.00</b>	<b>75.00</b>	<b>-</b>	<b>-</b>
<b>Interest on Loan</b>				
Ashish Garg	11.71	22.81		
Megha Garg	0.90	0.94		
<b>Total</b>	<b>12.61</b>	<b>23.75</b>		



# Notes to Standalone Financial Statement

For the year ended March 31, 2023

(All amount in ₹ Lacs, except for share capital note or otherwise stated)

Particulars	Key Management Personnel and their relatives		Enterprises over which Key Management Personnel & their relatives are able to exercise significant influence	
	For the Year ended 31 <sup>st</sup> March, 2023	For the Year ended 31 <sup>st</sup> March, 2022	For the Year ended 31 <sup>st</sup> March, 2023	For the Year ended 31 <sup>st</sup> March, 2022
<b>Short term employee benefit #</b>				
Suman Garg	60.59	46.28		
Paritosh Kumar Garg	201.47	161.78		
Ashish Garg	196.72	158.48		
Megha Garg	47.65	36.38		
Narender Singh Juneja	58.35	48.49		
Bindu Garg	28.47	11.89		
Depesh Kumar	5.43	14.66		
Pankaj Kumar Goyal	22.12	21.30		
<b>Total</b>	<b>620.80</b>	<b>499.26</b>		<b>-</b>
<b>Directors sitting fees</b>				
Satish Sekhri	4.00	4.00		
Nitin Aggarwal	0.30	0.50		
Suresh Chander Garg	-	0.50		
Ravindra Pisharody	3.00	-		
Vikas Giya	0.30	0.50		
<b>Total</b>	<b>7.60</b>	<b>5.50</b>		<b>-</b>
<b>Commission</b>				
Satish Sekhri	-	6.00		
<b>Total</b>	<b>-</b>	<b>6.00</b>		<b>-</b>

## Balance with related Parties as at period end:

Sr. No.	Name of Party	Nature of Balances	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
1	Happy Steels Private Limited	Trade payables	8.79	6.88
2	Happy Steels Private Limited	Trade receivable	10.70	-
3	Technomec Industries	Trade payables	2.03	5.23
4	Technomec Industries	Trade receivable	0.23	-
5	NorthStar Autocomp Private Limited	Trade receivable	8.33	1.98
6	Ashish Garg	Borrowings (Short & Long term)	-	190.00
7	Megha Garg	Borrowings (Short & Long term)	-	10.00
8	Ashish Garg	Advance to employee	0.12	-
9	Paritosh Kumar Garg	Advance to employee	4.76	-

# Expenses towards gratuity and leave encashment provisions are determined by actuary on an overall Company basis at the end of each year and, accordingly have not been considered in the above information.

## Terms and conditions of transactions with related parties

- The Company's principal related parties consist of its key managerial personnel. The Company's related party transactions and outstanding balances are with related parties with whom the Company routinely enters into transactions in the ordinary course of business.
- Key Managerial Personnel are entitled to short term employment benefits recognised as per Ind AS 19 'Employee Benefits' in the financial statements. As these employees benefits are lump sum amounts provided on the basis of actuarial valuation the same is not included above.
- All transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions and within the ordinary course of business.

# Notes to Standalone Financial Statement

For the year ended March 31, 2023

(All amount in ₹ Lacs, except for share capital note or otherwise stated)

## 36. Financial Assets & Financial Liabilities

### A. Financial Assets

Particulars	Fair Value hierarchy	As at 31 <sup>st</sup> March, 2023		As at March 31, 2022	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value
<b>Financial Assets-Non Current</b>					
At Amortised Cost					
(ii) Other financial assets (Refer note 6.1)		3,149.58	3,149.58	746.68	746.68
<b>Total Non current financial assets (a)</b>		<b>3,149.58</b>	<b>3,149.58</b>	<b>746.68</b>	<b>746.68</b>
<b>Financial Assets-Current</b>					
<b>At fair value though profit or loss</b>					
(a) Derivative financial instruments (Refer note 6.1)	Level 2	-	-	72.38	72.38
<b>At Amortised Cost</b>					
(i) Trade receivables (Refer note 9)		30,805.76	30,805.76	22,203.59	22,203.59
(ii) Cash and cash equivalents (Refer note 10)		1.31	1.31	2.02	2.02
(iii) Bank balance other than above (Refer note 11)		32.83	32.83	143.96	143.96
(iv) Loans (Refer note 6.2)		26.89	26.89	19.03	19.03
(v) Other financial assets (Refer note 6.1)		67.53	67.53	240.61	240.61
<b>Total Current financial assets (b)</b>		<b>30,934.32</b>	<b>30,934.32</b>	<b>22,681.59</b>	<b>22,681.59</b>
<b>Total financial assets (a+b)</b>		<b>34,083.90</b>	<b>34,083.90</b>	<b>23,428.27</b>	<b>23,428.27</b>

### B. Financial Liabilities

Particulars	Fair Value hierarchy	As at 31 <sup>st</sup> March, 2023		As at March 31, 2022	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value
<b>Financial liabilities-non current</b>					
<b>At Amortised Cost</b>					
(i) Borrowings (Refer note 14)		5,817.60	5,817.60	7,404.56	7,404.56
<b>Total Non Current Financial Liabilities (a)</b>		<b>5,817.60</b>	<b>5,817.60</b>	<b>7,404.56</b>	<b>7,404.56</b>
<b>Financial liabilities-Current</b>					
<b>At Amortised Cost</b>					
(i) Borrowings (Refer note 14)		16,034.01	16,034.01	16,630.66	16,630.66
(ii) Trade payable (Refer note 17)		4,773.77	4,773.77	4,423.13	4,423.13
<b>At fair value though profit or loss</b>					
(iii) Derivative financial instruments (Refer note 18)	Level 2	256.71	256.71	-	-
<b>At fair value though Other Comprehensive Income</b>					
(iv) Derivative financial instruments (Refer note 18)	Level 2	1,102.63	1,102.63	-	-
<b>Others</b>					
<b>At Amortised Cost</b>					
Employee dues payable (Refer note 18)		686.62	686.62	518.64	518.64
Other payables (Refer note 18)		552.85	552.85	1,530.04	1,530.04
<b>Total Current Financial Liabilities (b)</b>		<b>23,406.59</b>	<b>23,406.59</b>	<b>23,102.47</b>	<b>23,102.47</b>
<b>Total Financial Liabilities (a+b)</b>		<b>29,224.19</b>	<b>29,224.19</b>	<b>30,507.03</b>	<b>30,507.03</b>

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, Level 2 and Level 3 during the year.

## Notes to Standalone Financial Statement

For the year ended March 31, 2023

(All amount in ₹ Lacs, except for share capital note or otherwise stated)

### C. 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, 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 these 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 31<sup>st</sup> March, 2023 and 31<sup>st</sup> March, 2022.

#### (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 sensitivity to a reasonably possible change in USD, GBP and EURO exchange rates, with all other variables held constant. The sensitivity analysis includes only outstanding foreign currency denominated monetary items as mentioned 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.

Particulars	As at 31 <sup>st</sup> March, 2023 (Foreign Currency)	As at 31 <sup>st</sup> March, 2023 (₹ Value)	Currency	Increase/ Decrease in rate	Impact on profit before tax (Decrease in rate)	Impact on profit before tax (Increase in rate)
Trade Receivables	11,71,383	961.86	USD	5%	48.09	(48.09)
Trade Receivables	44,20,870	3,946.76	EURO	5%	197.34	(197.34)
Trade Receivables	4,94,000	501.70	GBP	5%	25.09	(25.09)
Capital Creditors	27,940	24.94	EURO	5%	(1.25)	1.25
Capital Creditors	10,000	8.21	USD	5%	(0.41)	0.41
Borrowings	64,94,269	5,797.82	EURO	5%	(289.89)	289.89

Particulars	As at 31 <sup>st</sup> March, 2022 (Foreign Currency)	As at 31 <sup>st</sup> 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	7,91,420	600.69	USD	5%	30.03	(30.03)
Trade Receivables	28,49,635	2,378.88	EURO	5%	118.94	(118.94)
Trade Payable	2,618	1.99	USD	5%	(0.10)	0.10
Capital Creditors	8,22,000	686.21	EURO	5%	(34.31)	34.31
Capital Creditors	2,23,000	222.45	GBP	5%	(11.12)	11.12
Capital Creditors	2,000	1.28	USD	5%	(0.06)	0.06
Borrowings	58,14,000	4,853.56	EURO	5%	(242.68)	242.68

## Notes to Standalone Financial Statement

For the year ended March 31, 2023

(All amount in ₹ Lacs, except for share capital note or otherwise stated)

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:

Particulars	Currency	As at March 31, 2023		As at March 31, 2022	
		Foreign Currency	₹	Foreign Currency	₹
Receivables (Forwards contracts sell)	USD	10,88,000	893.48	12,00,000	910.80
Receivables (Forwards contracts sell)*	EURO	2,47,50,000	22,096.80	9,00,000	757.98

\* Forward Contracts are against long term contracts with the customers which are booked upto Dec 2026

### Summary of exchange difference accounted in Statement of profit and loss:

Currency fluctuations	For the Year ended 31 <sup>st</sup> March, 2023	For the Year ended 31 <sup>st</sup> March, 2022
Net foreign exchange (gain) shown as operating expenses	(454.64)	(445.46)
Net foreign exchange losses shown as operating expenses	-	-
<b>Net foreign exchange (gain)/losses shown as operating expenses</b>	<b>(454.64)</b>	<b>(445.46)</b>

The following exchange rates have been applied as at end of the year.

Particulars	Year end spot rate	
	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
USD	82.11	75.90
EUR	89.27	84.22
GBP	101.56	99.75

#### (ii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company is exposed to interest rate risk on short-term and long-term floating rate instruments. The borrowings of the Company are principally denominated in Indian Rupees with a mix of fixed and floating rates of interest. The Company has a policy of selectively using interest rate swaps and other derivative instruments to manage its exposure to interest rate movements. These exposures are reviewed by appropriate levels of management on a regular basis. The exposure of company's borrowing to interest rate changes as reported to the management at the end of reporting period are as follows:

Particulars	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
Fixed Rate borrowings	-	-
Floating Rate borrowings (Refer Note 14)	21,851.61	24,035.22

### Interest rate sensitivity analysis

A reasonably possible change of 0.50% in interest rates at the reporting date would have affected the profit or loan by the amounts shown below. This analysis has been determined based on the exposure to interest rates for floating rate liabilities assuming the amount of liability outstanding on the year end was outstanding for the whole year.

Particulars	Profit/(Loss) before tax	
	Strengthening	Weakening
<b>For the year ended 31<sup>st</sup> March, 2023</b>		
Interest rate (0.5% Movement)	(109.26)	109.26
<b>For the year ended 31<sup>st</sup> March, 2022</b>		
Interest rate (0.5% Movement)	(120.18)	120.18



## Notes to Standalone Financial Statement

For the year ended March 31, 2023

(All amount in ₹ Lacs, except for share capital note or otherwise stated)

### (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.

### (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 at fair value was Nil (31.03.2022 ₹ 41.20 Lacs)."

The movement in allowance for impairment in respect of trade receivables is as follows:

Particulars	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
<b>Balance at the beginning of the year</b>	148.81	143.00
Provision created during the year	-	5.81
Provision utilised/(reversed) during the year	(7.27)	-
<b>Balance at the end of the year</b>	<b>141.54</b>	<b>148.81</b>

The movement in the allowance for bad and doubtful other assets is as follows:

Particulars	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
<b>Balance at the beginning of the year</b>	499.90	507.64
Provision created during the year	25.70	-
Provision utilised/(reversed) during the year	-	(7.74)
<b>Balance at the end of the year</b>	<b>525.60</b>	<b>499.90</b>

### 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

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial assets. The Company's approach to manage liquidity is to have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed circumstances, without incurring unacceptable losses or risking damage to the Company's reputation.

### 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 subject to the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed 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. 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.

Management manages the liquidity risk by monitoring cash flow forecasts on a periodic basis and maturity profiles of financial assets and liabilities. This monitoring takes into account the accessibility of cash and cash equivalents and additional undrawn financing facilities. The Company will continue to consider various borrowings options to maximise liquidity and supplement cash requirements as necessary. 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. As at 31<sup>st</sup> March, 2023, the Company has available ₹ 39,721.40 Lacs (31<sup>st</sup> March, 2022: ₹ 28,633.10 Lacs) in form of undrawn committed borrowing limits.

## Notes to Standalone Financial Statement

For the year ended March 31, 2023

(All amount in ₹ Lacs, except for share capital note or otherwise stated)

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

Particulars	Less than 1 Year	1 to 5 years	> 5 years	Total
<b>As at 31<sup>st</sup> March, 2023</b>				
Borrowings *	16,627.39	6,489.30	-	23,116.69
Other financial liabilities (Refer note 18)	2,194.50	404.31	-	2,598.81
Trade Payable (Refer note 17)	4,773.77	-	-	4,773.77
	<b>23,595.66</b>	<b>6,893.61</b>	<b>-</b>	<b>30,489.27</b>
<b>As at 31<sup>st</sup> March, 2022</b>				
Borrowings *	17,219.92	8,325.41	-	25,545.33
Other financial liabilities (Refer note 18)	2,048.68	-	-	2,048.68
Trade Payable (Refer note 17)	4,423.13	-	-	4,423.13
	<b>23,691.73</b>	<b>8,325.41</b>	<b>-</b>	<b>32,017.14</b>

\* includes future interest obligation

### 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.

Particulars	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
Borrowings (Refer note 14)	21,851.61	24,035.22
Less: Cash & cash equivalents (Refer note 10)	(1.31)	(2.02)
Less: Other bank balance (Refer note 11)	(32.83)	(143.96)
<b>Net debt</b>	<b>21,817.47</b>	<b>23,889.24</b>
Total capital	98,829.56	78,761.33
<b>Capital and net debt</b>	<b>1,20,647.03</b>	<b>1,02,650.57</b>
Gearing ratio	18.08%	23.27%

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. Any breach in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current year.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31<sup>st</sup> March, 2023 and 31<sup>st</sup> March, 2022.

### 39. Recognition of Government Grants

- a) Under Invest Punjab scheme, the Company is eligible for various incentives like 100% exemption of electricity duty and Infrastructure development fund and Net SGST Incentive calculated based on GST deposited and applicable GST Rate, 100% exemption/refund of stamp duty and CLU fees and 50% exemption of property tax.

During the current year the Company has recognised government grant in relation to exemption of electricity duty and Infrastructure development fund amounting to ₹ 343.18 Lacs (31<sup>st</sup> March, 2022: ₹ 314.89 Lacs). The grant amount is netted from the Power & fuel Expenses under other expenses. As on 31<sup>st</sup> March, 2023, ₹ 15.59 Lacs (31<sup>st</sup> March, 2022: ₹ 159.26 Lacs) of grant amount is receivable under this scheme.

Also, during the current year, the Company has recognised government grant in relation to refund of eligible Net SGST Incentive calculated based on GST paid on eligible sales amounting to ₹ 3,235.65 Lacs (31<sup>st</sup> March, 2022: Nil) under other operating revenue. This amount includes grant related to earlier years sales amounting to ₹ 1,384.51 Lacs which was not recognised earlier as the Company did not have reasonable assurance for its ultimate realisation at that point. As on 31<sup>st</sup> March, 2023, ₹ 2,244.09 Lacs of grant amount is receivable under this scheme.

## Notes to Standalone Financial Statement

For the year ended March 31, 2023

(All amount in ₹ Lacs, except for share capital note or otherwise stated)

- b) The Company has recognised export incentives under the Duty drawback Scheme and Remission of Duties or Taxes on Export of Products Scheme (RoDTEP) aggregating to ₹ 323.56 Lacs (31<sup>st</sup> March, 2022: ₹ 194.74 Lacs). The amount of incentive recognised has been disclosed as other operating revenue.

### 40. Hedging activities and derivatives

#### a) Derivatives not designated as hedging instruments:

The Company uses foreign exchange forward contracts to manage its exposure to risks associated with foreign currency. These derivative contracts are not designated as hedging instrument in cash flow hedge and are entered into for periods consistent with foreign currency

The fair value of derivative financial instruments is as follows:

Particulars	Asset		Liabilities	
	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
a) Fair value of foreign currency forward exchange contract designated as hedging instruments	-	-	1,102.63	-

The critical terms of the foreign currency forward contracts match the terms of the expected highly probable forecast sale transactions. As a result, no hedge effectiveness arise requiring recognition through profit or loss.

The cash flow hedges of the forecasted sale transactions during the year ended 31<sup>st</sup> March, 2023 were assessed to be highly effective and unrealised loss of ₹ 1102.63 Lacs (31<sup>st</sup> March, 2022: Nil), with a deferred tax asset of ₹ 277.51 Lacs (31<sup>st</sup> March, 2022: Nil) relating to the hedging instruments, is included in OCI.

The following table includes the maturity profile of the foreign exchange derivative as on 31<sup>st</sup> March, 2023 contracts:

Particulars	Maturity									
	Less than 1 month	1 to 6 months	6 to 12 months	12 to 18 months	18 to 24 months	24 to 30 months	30 to 36 months	36 to 42 months	42 to 48 months	Total
<b>As at 31<sup>st</sup> March, 2023</b>										
<b>Foreign exchange derivative contracts (highly probable forecast sales)</b>										
Notional amount (in EURO)	-	- 27,50,000	33,50,000	33,00,000	33,00,000	33,00,000	33,00,000	16,50,000	2,09,50,000	
Average forward rate (EURO/INR)	-	-	86.48	87.98	89.74	91.70	93.80	96.00	97.72	91.59

exposure of the underlying transactions, generally from one to twelve months.

#### b) Derivatives designated as hedging instruments:

Foreign exchange forward contracts measured at fair value through OCI are designated as hedging instruments in cash flow hedges of forecast sales in EURO; and thereafter as a fair value hedge for the resulting receivables. These forecast transactions are highly probable.

The foreign exchange forward contract balances vary with the level of expected foreign currency sales and changes in foreign exchange forward rates.

#### Valuation Technique

The Company enters into derivative financial instruments with Banks. Foreign exchange forward contracts are valued using valuation techniques, which employs the use of market observable inputs. The most frequently applied valuation techniques include forward pricing models, using present value calculations. Where quoted market prices are not available, fair values are based on management's best estimates, which are arrived at by the reference to market prices.

## Notes to Standalone Financial Statement

For the year ended March 31, 2023

(All amount in ₹ Lacs, except for share capital note or otherwise stated)

The impact of the hedging instruments on the balance sheet is as follows:

Particulars	Notional Amount (EURO)	Carrying Amount (₹)	Line item in the statement of financial position	Change in fair value used for measuring ineffectiveness for the year
<b>As at 31<sup>st</sup> March, 2023</b>				
Foreign exchange derivative contracts(in EURO) of exports	2,09,50,000	1,102.63	Other current financial liabilities	1,102.63

The effect of the cash flow hedge in the statement of profit or loss and other comprehensive income is, as follows:

Particulars	Total hedging gain/(loss) recognised in OCI	Ineffectiveness recognised in profit or loss	Line item in the statement of profit or loss	Amount reclassified from OCI to profit or loss (Amount transferred from OCI TO P&L)	Line item in the statement of profit or loss
<b>For the year ended 31<sup>st</sup> March, 2023</b>					
Highly probable forecast sales	(1,232.94)	-	-	130.31	Sale of finished goods

#### Impact of hedging on equity

Set out below is the reconciliation of each component of equity and the analysis of other comprehensive income:

Particulars	Cash Flow Hedge Reserve	Tax Amount	Movement net of Tax
As at 31 <sup>st</sup> March, 2022	-	-	-
Effective portion of changes in fair value arising from Foreign exchange forward contracts	(1,232.94)	(310.31)	(922.63)
Amount reclassified to profit or loss	130.31	32.80	97.51
<b>As at 31<sup>st</sup> March, 2023</b>	<b>(1,102.63)</b>	<b>(277.51)</b>	<b>(825.12)</b>

### 41. Ratio Analysis and its elements

Ratio	Numerator	Denominator	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022	% Change	Reason for variance
Current Ratio	Current Assets	Current Liabilities	1.91	1.73	10.04	Not Applicable
Debt Equity Ratio	Total Debt	Shareholder's equity	0.22	0.31	(27.55)	Improvement is due to Increase in profits and reduction in loans
Debt Service Coverage Ratio	Earnings for debt service=Net profit after taxes + Depreciation expense + Finance cost	Debt service= Interest & lease payments+ principal repayments on long term borrowings	14.37	19.14	(24.94)	Due to increased loan instalment and Interest cost
Return on Equity Ratio	Net profit after taxes	Average shareholder's equity	23.50%	19.86%	18.34	Not Applicable
Inventory Turnover Ratio	Cost of goods sold	Average inventory	3.12	2.54	22.61	Not Applicable
Trade Receivable Turnover Ratio	Net sales = Gross sales - sales return	Average trade receivable	4.38	4.43	(1.02)	Not Applicable
Trade Payable Turnover Ratio	Net purchases = Gross purchases -purchase return	Average trade payable	13.78	12.90	6.80	Not Applicable



## Notes to Standalone Financial Statement

For the year ended March 31, 2023

(All amount in ₹ Lacs, except for share capital note or otherwise stated)

Ratio	Numerator	Denominator	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022	% Change	Reason for variance
Net Capital Turnover Ratio	Net Sales = Total sales - sales return	Working Capital=current assets-current liabilities	4.99	4.77	4.49	Not Applicable
Net Profit Ratio	Net Profit	Revenue from Operations	17.44%	16.54%	5.43	Not Applicable
Return on Capital Employed	Earning before interest and taxes	Capital Employed=Total Equity+ Total Debt	24.24%	19.38%	25.08	Increase in revenue with optimisation sales mix alongwith increased scale of operation and optimum capacity utilisation
Return on investment	Income from Investment	Average Investment	9.00%	-	100%	Investment sold during the current year.

### 42. Reconciliation of movement of liabilities to cash flows arising from financing activities

#### Financing activities

##### Borrowings

Particulars	Opening balance 1 <sup>st</sup> April, 2022	Expense	Cash flows	Non-cash transactions		Closing balance 31 <sup>st</sup> March, 2023
				Processing cost	Fair value changes	
Non Current borrowings (including current maturity)	7,871.31	-	215.14	-	331.16	8,417.61
Interest Expense	91.23	1,247.58	(1,186.19)	-	-	152.61
Short term borrowings	16,163.91	-	(2,729.91)	-	-	13,434.00
<b>Total Liabilities from financing activities</b>	<b>24,126.45</b>	<b>1,247.58</b>	<b>(3,700.96)</b>	<b>-</b>	<b>331.16</b>	<b>22,004.22</b>

Particulars	Opening balance 1 <sup>st</sup> April, 2021	Expense	Cash flows	Non-cash transactions		Closing balance 31 <sup>st</sup> March, 2022
				Processing cost	Fair value changes	
Non Current borrowings (including current maturity)	3,364.79	-	4,764.53	-	(258.01)	7,871.31
Interest Expense	54.60	715.88	(679.24)	-	-	91.23
Expense Incurred on increase in authorised share capital	-	15.02	(15.02)	-	-	-
Short term borrowings	11,982.24	-	4,181.67	-	-	16,163.91
<b>Total Liabilities from financing activities</b>	<b>15,401.63</b>	<b>730.90</b>	<b>8,251.94</b>	<b>-</b>	<b>(258.01)</b>	<b>24,126.45</b>

## Notes to Standalone Financial Statement

For the year ended March 31, 2023

(All amount in ₹ Lacs, except for share capital note or otherwise stated)

### 43. Other Statutory Information

- The Company does not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property.
- The Company does not have any transactions with companies struck off.
- The Company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.
- The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.
- 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:
  - 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 to or on behalf of the Ultimate Beneficiaries.
- 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:
  - 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.
- (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.

(viii) The Company is not declared as wilful defaulter by any bank or financial institution."

### 44. Employee Stock Option Scheme

The Company has an Employee Stock Option (ESOP) Scheme which was passed by the Board of directors in their meeting held on 12<sup>th</sup> February, 2022 and approved by the shareholders in their meeting held on 14<sup>th</sup> February, 2022. As on 31<sup>st</sup> March, 2023, no shares were granted under this scheme.

Subsequent to the year end, the Company has approved a new ESOP scheme which was passed by the Board of Directors in their meeting held on 31<sup>st</sup> July, 2023.

### 45. Events after reporting date:

The board of directors have proposed dividend after the balance sheet date which are subject to approval by the shareholders at the Annual General Meeting. Refer note 13 for details. There are no other events occurred after the reporting period which may impact the financial position as on 31<sup>st</sup> March, 2023.

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: Gurugram

Date: August 08, 2023

For and on behalf of the board of directors of

**HAPPY FORGINGS LIMITED**

**(Paritosh Kumar)**

Chairman Cum Managing Director

DIN: 00393387

**(Pankaj Kumar Goyal)**

Chief Financial Officer

Membership No. 500683

Place: Ludhiana

Date: August 08, 2023

**(Ashish Garg)**

Managing Director

DIN: 01829082

**(Bindu Garg)**

Company Secretary

Membership No. 6997

Place: Ludhiana

Date: August 08, 2023

# 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 31<sup>st</sup> March, 2023, 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 31<sup>st</sup> March, 2023, their consolidated profit including other comprehensive income, 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 their respective companies and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements 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 Directors of the Company, 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 information, in respect of a joint venture. The consolidated financial statements include the Company's share of net profit of ₹ 0.47 Lacs for the year ended 31<sup>st</sup> March, 2023, 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.

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.



## Independent Auditor's Report (Contd.)

### 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 paragraph 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 31<sup>st</sup> March, 2023 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 31<sup>st</sup> March, 2023 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. Based on the consideration of reports of other auditors, the provisions of clause (i) of Sub-Section 3 of Section 143 of the Companies Act, 2013 ("the Act") are not applicable to its joint venture;

- (g) In our opinion, the managerial remuneration for the year ended 31<sup>st</sup> March, 2023 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. Based on the consideration of reports of other auditors, the provisions of Section 197 read with Schedule V to the Act are not applicable to its joint venture;
- (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 has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long term contracts including derivative contracts. Refer Note 18 to the consolidated financial statements;
  - 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 31<sup>st</sup> March, 2023.
  - 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, as disclosed in the note 43 to the consolidated financial statements, 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, as disclosed in the note 43 to the consolidated financial statements, 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. As stated in note 13 to the consolidated financial statements, the Board of Directors of the Company have proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The dividend declared is in accordance with Section 123 of the Act to the extent it applies to declaration of dividend.
- vi. As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable for the Company and its joint venture only w.e.f. 1<sup>st</sup> April, 2023, reporting under this clause is not applicable.

**For S.R. Batliboi & Co. LLP**

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005

**per Pravin Tulsyan**

Partner

Membership Number: 108044

UDIN: 23108044BGYZIV4063

Place of Signature: Gurugram

Date: August 08, 2023

## 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 its joint venture 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) Qualifications or adverse remarks by the respective auditors in the Companies (Auditors Report) Order (CARO) reports of the companies included in the consolidated financial statements are:

S. No.	Name	CIN	Company/joint venture	Clause number of the CARO report which is qualified or is adverse
1.	Happy Forgings Limited	U28910PB1979PLC004008	Company	Clause 3(vii)(a)

**For S.R. Batliboi & Co. LLP**

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005

-----  
**per Pravin Tulsyan**

Partner

Membership Number: 108044

UDIN: 23108044BGYZIV4063

Place of Signature: Gurugram

Date: August 08, 2023

## Annexure '2'

to the Independent auditor's report of even date on the Consolidated 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 31<sup>st</sup> March, 2023, 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 financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated financial statements included obtaining an understanding of internal financial controls with reference to these

consolidated 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 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 financial statements.

### Meaning of Internal Financial Controls with Reference to these Consolidated Financial Statements

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

### Inherent Limitations of Internal Financial Controls With Reference to Consolidated financial statements

Because of the inherent limitations of internal financial controls with reference to consolidated financial statements, 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 consolidated financial statements to future periods are subject to the risk that the internal financial control with reference to consolidated 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 financial statements and such internal financial controls with reference to consolidated financial statements were operating effectively as at 31<sup>st</sup> March, 2023, 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: 23108044BGYZIV4063

Place of Signature: Gurugram

Date: August 08, 2023



## Consolidated Balance Sheet

As at 31<sup>st</sup> March, 2023

(All amount in ₹ Lacs, except for share capital note or otherwise stated)

Particulars	Note No.	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
<b>I ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3	67,695.96	45,463.26
Capital work-in-progress	3(a)	7,475.15	21,225.51
Intangible assets	4	148.12	155.81
Financial assets:			
(i) Investment in Joint Venture	5	-	41.67
(ii) Other financial assets	6.1	3,149.58	746.68
Non current tax assets (Net)		-	16.86
Other non current assets	7	5,152.13	2,778.35
<b>Total non-current assets</b>		<b>83,620.94</b>	<b>70,428.14</b>
<b>Current assets</b>			
Inventories	8	16,960.27	18,398.36
Financial assets:			
(i) Trade receivables	9	30,805.76	22,203.59
(ii) Cash and cash equivalents	10	1.31	2.02
(iii) Bank balance other than (ii) above	11	32.83	143.96
(iv) Loans	6.2	26.89	19.03
(v) Other financial assets	6.1	67.53	312.99
Current tax assets		23.39	-
Other current assets	7	1,015.51	1,416.63
<b>Total current assets</b>		<b>48,933.49</b>	<b>42,496.58</b>
Assets held for sale	3(b)	61.71	61.71
<b>TOTAL ASSETS</b>		<b>1,32,616.14</b>	<b>1,12,986.43</b>
<b>II EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	12	1,789.98	1,789.98
Other equity	13	97,039.68	76,971.64
<b>Total equity</b>		<b>98,829.66</b>	<b>78,761.62</b>
<b>Non-current liabilities</b>			
Financial liabilities:			
(i) Borrowings	14	5,817.60	7,404.56
Deferred tax liabilities (net)	16	2,304.54	2,294.35
<b>Total non-current liabilities</b>		<b>8,122.14</b>	<b>9,698.91</b>
<b>Current liabilities</b>			
a. Financial liabilities			
(i) Borrowings	14	16,034.01	16,630.66
(ii) Trade payables	17		
Total outstanding dues of micro enterprises and small enterprises		606.64	533.08
Total outstanding dues of creditors other than micro enterprises and small enterprises		4,167.15	3,890.04
(iii) Other financial liabilities	18	2,598.81	2,048.68
Other current liabilities	19	777.28	547.41
Provisions	15	378.75	266.95
Liabilities for current tax (net)		1,101.70	609.08
<b>Total current liabilities</b>		<b>25,664.34</b>	<b>24,525.90</b>
<b>Total liabilities</b>		<b>33,786.48</b>	<b>34,224.81</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,32,616.14</b>	<b>1,12,986.43</b>

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

As per our report of even date

**For S.R.Batlboi and Co. LLP**

Chartered Accountants

ICAI Firm registration no. 301003E/E300005

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**per Pravin Tulsyan**Partner  
Membership No. 108044  
Place: Gurugram  
Date: August 08, 2023**(Pankaj Kumar Goyal)**Chief Financial Officer  
Membership No. 500683  
Place: Ludhiana  
Date: August 08, 2023**(Bindu Garg)**Company Secretary  
Membership No. 6997  
Place: Ludhiana  
Date: August 08, 2023

## Consolidated Statement of Profit and Loss

For the year ended 31<sup>st</sup> March, 2023

(All amount in ₹ Lacs, except for share capital note or otherwise stated)

Particulars	Note No.	For the Year ended 31 <sup>st</sup> March, 2023	For the Year ended 31 <sup>st</sup> March, 2022
<b>Income</b>			
Revenue from Operations	20	1,19,652.88	86,004.53
Other Income	21	574.17	605.85
<b>TOTAL INCOME (A)</b>		<b>1,20,227.05</b>	<b>86,610.38</b>
<b>Expenses</b>			
Cost of raw materials and components consumed	22	54,772.46	43,584.70
(Increase)/decrease in inventories of finished goods, work-in-progress and scrap	23	333.19	(4,745.45)
Employee benefits expense	24	8,777.60	6,867.76
Finance costs	25	1,247.58	715.88
Depreciation and amortisation expense	26	5,418.24	3,774.18
Other expenses	27	21,675.80	17,208.93
<b>TOTAL EXPENSES (B)</b>		<b>92,224.87</b>	<b>67,406.00</b>
<b>Profit before share of profit of a joint venture and tax (C=A-B)</b>		<b>28,002.18</b>	<b>19,204.38</b>
<b>Share of net profit of Joint venture (D)</b>	43	<b>0.48</b>	<b>0.47</b>
<b>PROFIT BEFORE TAX (E=C+D)</b>		<b>28,002.66</b>	<b>19,204.85</b>
<b>Tax expense:</b>			
Current tax (net)	16	6,854.21	4,691.64
Adjustments of tax relating to earlier periods	16	(9.17)	17.48
Deferred tax	16	287.70	267.24
<b>TOTAL TAX EXPENSE (F)</b>		<b>7,132.74</b>	<b>4,976.36</b>
<b>PROFIT FOR THE YEAR (G=E-F)</b>		<b>20,869.92</b>	<b>14,228.49</b>
<b>OTHER COMPREHENSIVE INCOME (OCI)</b>			
<b>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</b>			
Remeasurement gain/(losses) on defined benefit plans	33	31.06	43.45
Less: Income tax effect on above	16	7.82	10.94
<b>Total Other comprehensive income not to be reclassified to profit or loss in subsequent periods</b>		<b>23.24</b>	<b>32.51</b>
<b>Other comprehensive income to be reclassified to profit or loss in subsequent periods</b>			
Net Movement on effective portion of cash flow hedges	40	(1,102.63)	-
Less: Income tax effect on above	16	277.51	-
<b>Total Other comprehensive income to be reclassified to profit or loss in subsequent periods</b>		<b>(825.12)</b>	<b>-</b>
<b>OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX</b>		<b>(801.88)</b>	<b>32.51</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX</b>		<b>20,068.04</b>	<b>14,261.00</b>
Earnings per share: (In ₹)			
(Nominal value ₹ 2/- per share (31 <sup>st</sup> March, 2022 ₹ 2 per share))			
(i) Basic	28	23.32	15.90
(ii) Diluted	28	23.32	15.90

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

As per our report of even date

**For S.R.Batlboi and Co. LLP**

Chartered Accountants

ICAI Firm registration no. 301003E/E300005

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**per Pravin Tulsyan**Partner  
Membership No. 108044  
Place: Gurugram  
Date: August 08, 2023**(Pankaj Kumar Goyal)**Chief Financial Officer  
Membership No. 500683  
Place: Ludhiana  
Date: August 08, 2023**(Bindu Garg)**Company Secretary  
Membership No. 6997  
Place: Ludhiana  
Date: August 08, 2023

## Consolidated Statement of Cash Flow

For the year ended 31<sup>st</sup> March, 2023

(All amount in ₹ Lacs, except for share capital note or otherwise stated)

Particulars	For the Year ended 31 <sup>st</sup> March, 2023	For the Year ended 31 <sup>st</sup> March, 2022
<b>OPERATING ACTIVITIES</b>		
<b>Profit before tax</b>	28,002.66	19,204.85
<b>Adjustments to reconcile profit before tax to net cash flows</b>		
Depreciation and amortisation expense	5,418.24	3,774.18
Gain on disposal of property, plant and equipment	(4.58)	-
Interest Income	(54.33)	(72.42)
Share of net profit of Joint venture	(0.48)	(0.47)
Gain on sale of Investment	(0.90)	-
Fair value (gain)/loss on financial instruments at fair value through profit and loss	256.71	(72.38)
Property, plant and equipment W/off	157.95	-
Unrealised foreign exchange gain/-loss (net)	82.20	(331.56)
Provisions for doubtful receivables, advances and deposits	18.43	5.81
Financial cost	1,247.58	715.88
<b>Operating profit/(loss) before working capital changes</b>	<b>35,123.48</b>	<b>23,223.89</b>
<b>Working capital adjustments:</b>		
(Increase)/decrease in inventory	1,438.09	(6,241.65)
(Increase) in trade receivable	(8,272.31)	(5,610.40)
(Increase) in other financial assets	(2,232.50)	(199.31)
(Increase)/Decrease in other assets	382.39	(4.66)
Increase in trade payable	349.42	629.77
Increase in other current financial liabilities	167.97	329.88
Increase in other current liabilities	229.87	90.44
Increase in short term provision	142.86	120.56
<b>Cash generated from operations</b>	<b>27,329.27</b>	<b>12,338.51</b>
Less: Income tax paid (net of refund)	6,383.63	4,310.79
<b>Cash flow from operating activities (A)</b>	<b>20,945.64</b>	<b>8,027.72</b>
<b>INVESTING ACTIVITIES</b>		
Payments for acquisition of property, plant and equipment and intangible assets (including capital work in progress, and capital advance)	(17,458.68)	(19,082.56)
Proceeds from sale of property, plant and equipment	9.95	-
(Purchase)/sale of non current investment (net)	43.05	(41.20)
Proceeds from term deposit	144.05	2,345.62
(Investment) in term deposit	(32.92)	-
Interest received (finance income)	49.15	211.82
<b>Net cash flow (used in) investing activities (B)</b>	<b>(17,245.40)</b>	<b>(16,566.32)</b>

## Consolidated Statement of Cash Flow

For the year ended 31<sup>st</sup> March, 2023

(All amount in ₹ Lacs, except for share capital note or otherwise stated)

Particulars	For the Year ended 31 <sup>st</sup> March, 2023	For the Year ended 31 <sup>st</sup> March, 2022
<b>FINANCING ACTIVITIES</b>		
Availment of long-term borrowings	1,695.32	5,129.69
(Repayment) of long-term borrowings	(1,480.18)	(365.16)
(Expense) Incurred on increase in authorised share capital	-	(15.02)
Availment/(Repayment) of short-term borrowing (net)	(2,529.91)	4,260.40
(Repayment) of Loan from directors	(200.00)	(78.73)
Interest Paid	(1,186.18)	(679.24)
<b>Net cash flow from/(used in) financing activities (C)</b>	<b>(3,700.95)</b>	<b>8,251.94</b>
<b>Net Increase/(decrease) in cash and cash equivalents (A+B+C)</b>	<b>(0.71)</b>	<b>(286.69)</b>
Cash and cash equivalents at the beginning of the year	2.02	288.72
<b>Cash and cash equivalents as at year end</b>	<b>1.31</b>	<b>2.02</b>
<b>Cash and cash equivalents comprise of the following:</b>		
Components of cash and cash equivalent		
Cash on hand	1.31	2.02
Balance with banks:		
-On current accounts	-	0.00
<b>Cash and cash equivalent as at year end</b>	<b>1.31</b>	<b>2.02</b>

### Notes:

- The above Cash flow statement has been prepared under the Indirect Method as set out in Indian Accounting Standard-7, Statement of Cash Flows.
- Figures in bracket indicate cash outflow.
- Refer note 42 for reconciliation of movement of liabilities to cash flows arising from financing activities.
- There are no non-cash transaction in Investing activities.

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: Gurugram

Date: August 08, 2023

For and on behalf of the board of directors of

**HAPPY FORGINGS LIMITED**

**(Paritosh Kumar)**

Chairman Cum Managing Director

DIN: 00393387

**(Pankaj Kumar Goyal)**

Chief Financial Officer

Membership No. 500683

Place: Ludhiana

Date: August 08, 2023

**(Ashish Garg)**

Managing Director

DIN: 01829082

**(Bindu Garg)**

Company Secretary

Membership No. 6997

Place: Ludhiana

Date: August 08, 2023



# Consolidated Statement of Changes in Equity

For the year ended 31<sup>st</sup> March, 2023

(All amount in ₹ Lacs, except for share capital note or otherwise stated)

## A. Equity share capital

### For the year ended 31<sup>st</sup> March, 2023

Particulars	No of shares	Amount
Balance as at the beginning of the year	8,94,99,000	1,789.98
Changes in equity capital during the year	-	-
<b>Balance as at the end of the year</b>	<b>8,94,99,000</b>	<b>1,789.98</b>

### For the year ended 31<sup>st</sup> March, 2022

Particulars	No of shares	Amount
Balance as at the beginning of the year	8,94,990	894.99
Changes in equity capital during the year		
Bonus shares issued during the year*	4,47,49,500	894.99
Sub-division of ₹ 100/- to ₹ 2/- face value per share during the year*	4,47,49,500	-
<b>Balance as at the end of the year</b>	<b>8,94,99,000</b>	<b>1,789.98</b>

\*During the year ended 31<sup>st</sup> March, 2022, the Company has subdivided shares in ₹ 2/- each and bonus shares were issued in the ratio of 1:1

## B. Other equity (Refer note 13)

Particulars	Reserve and surplus			Other Comprehensive income	Total other equity
	Securities Premium	Retained Earnings	General Reserves	Cash Flow Hedging Reserve (CFHR)	
As at 1 <sup>st</sup> April, 2022	21,618.02	55,353.62	-	-	76,971.64
Profit for the year	-	20,869.92	-	-	20,869.92
Other comprehensive income	-	23.24	-	(825.12)	(801.88)
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>20,893.16</b>	<b>-</b>	<b>(825.12)</b>	<b>20,068.04</b>
<b>As at 31<sup>st</sup> March, 2023</b>	<b>21,618.02</b>	<b>76,246.78</b>	<b>-</b>	<b>(825.12)</b>	<b>97,039.68</b>

Particulars	Reserve and surplus			Other Comprehensive income	Total other equity
	Securities Premium	Retained Earnings	General Reserves	Cash Flow Hedging Reserve (CFHR)	
As at 1 <sup>st</sup> April, 2021	21,633.04	41,987.61	-	-	63,620.65
Profit for the year	-	14,228.49	-	-	14,228.49
Other comprehensive income	-	32.51	-	-	32.51
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>14,261.00</b>	<b>-</b>	<b>-</b>	<b>14,261.00</b>
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)
<b>As at 31<sup>st</sup> March, 2022</b>	<b>21,618.02</b>	<b>55,353.62</b>	<b>-</b>	<b>-</b>	<b>76,971.64</b>

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

As per our report of even date

**For S.R.Battiboi and Co. LLP**

Chartered Accountants

ICAI Firm registration no. 301003E/E300005

**per Pravin Tulsyan**

Partner

Membership No. 108044

Place: Gurugram

Date: August 08, 2023

For and on behalf of the board of directors of

**HAPPY FORGINGS LIMITED**

**(Paritosh Kumar)**

Chairman Cum Managing Director

DIN: 00393387

**(Pankaj Kumar Goyal)**

Chief Financial Officer

Membership No. 500683

Place: Ludhiana

Date: August 08, 2023

**(Ashish Garg)**

Managing Director

DIN: 01829082

**(Bindu Garg)**

Company Secretary

Membership No. 6997

Place: Ludhiana

Date: August 08, 2023

# Notes to Consolidated Financial Statement

For the year ended March 31, 2023

## 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<sup>st</sup> March, 2023. 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 8<sup>th</sup> August, 2023.

### 2a. Significant Accounting Policies:

#### (i) Basis of Preparation

The Consolidated 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 Consolidated 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 standalone financial statements are presented in INR 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 its joint venture i.e., Linchpin Technologies Private Limited for the year ended 31<sup>st</sup> March, 2023. The Company has made investment in the joint venture w.e.f 8<sup>th</sup> January, 2022. The Company's

investments in its joint venture are accounted for using the equity method. Under the equity method, the investment in a 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. The aforesaid investment has been sold by the Company on 31<sup>st</sup> March, 2023.

#### (iii) Current versus non-current classification

The Company and its joint venture present 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 and its joint venture classify 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 and its joint venture have 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

# Notes to Consolidated Financial Statement

For the year ended March 31, 2023

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'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/joint venture 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 or 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 or joint venture, 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 or joint venture are eliminated to the extent of the interest in the associate or joint venture.

If an entity's share of losses of an associate or joint venture equals or exceeds its interest in the associate or joint venture (which includes any long-term interest that, in substance, form part of the Company's net investment in the associate or joint venture), the entity discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture. If the associate or 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 Company's share of profit or loss of an associate or joint venture is shown on the face of the statement of profit and loss outside operating profit.

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

After application of the equity method, the Company determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint venture. At each reporting date, the Company determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Company calculates the amount of impairment as the difference between the

recoverable amount of the associate or joint venture and its carrying value, and then recognises the loss as 'Share of profit of an associate or joint venture' in the statement of profit and loss.

Upon loss of significant influence over the associate or joint venture, the Company measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or 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 and its joint venture'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).

## 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 and its joint venture expects to entitle in exchange for the goods or services. The company and its joint venture have generally concluded that it is the principal in all its

# Notes to Consolidated Financial Statement

For the year ended March 31, 2023

revenue arrangements, because it typically controls the goods or services before transferring them to the customers.

The disclosures of significant accounting judgements, 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 goods. The normal credit term is 30 to 150 days.

The Company and its joint venture consider 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 and its joint venture 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 give rise to variable consideration.

### Rights of return

The Company and its joint venture 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 and its joint venture 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 if any, relating to the estimation of variable consideration for returns are provided in Note 2C

**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 is 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 (ix) 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 and its joint venture transfers the related goods or services. Contract liabilities are recognised as revenue when the Company and its joint venture performs under the contract (i.e., transfers control of the related goods or services to the customer).

**Contract assets:** A contract asset is initially recognised for revenue earned from installation services because the receipt of consideration is conditional on successful completion of the installation. Upon completion of the installation and acceptance by the customer, the amount recognised as contract assets is reclassified to trade receivables.

Contract assets are subject to impairment assessment. Refer to accounting policies on impairment of financial assets in section d) Financial instruments – initial recognition and subsequent measurement.

### 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 duty benefit availed under Export Promotion Capital Goods (EPCG) Scheme, it is



# Notes to Consolidated Financial Statement

For the year ended March 31, 2023

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 on 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 approval of the relevant authority is sanctioned 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 favorable 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 labor 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.
- Packing Materials and other products are determined on Weighted Average basis.
- Stores and Spares is value at Weighted Average Value.
- 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, that are readily convertible to a known amount of cash and subject to an insignificant risk of change in value.

## (v) Property, Plant and Equipment

Capital work in progress is stated at cost, net of accumulated impairment loss, if any. Plant and equipment 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 and its joint venture 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 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.

\*\* Useful life mentioned is considering single shift working, however depreciation charged based on average number of shifts worked on an annual basis.

# Notes to Consolidated Financial Statement

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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.

The useful lives of intangible assets are assessed as either finite or indefinite.

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 assess 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 and its joint venture estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating units (CGU)'s 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 base its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company and its joint venture'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 and its joint venture 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 and its joint venture operates, or for

# Notes to Consolidated Financial Statement

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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 and its joint venture 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 unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

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 and its joint venture'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 and its joint venture has applied the practical expedient, the Company and its joint venture 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 and its joint venture 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 marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Company and its joint venture 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 and its joint venture's financial assets at amortised cost includes trade receivables, and loan to employees included under other current financial assets.

# Notes to Consolidated Financial Statement

For the year ended March 31, 2023

## 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 Company and its joint venture 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

and its joint venture 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 and its joint venture applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- Financial assets that are debt instruments, and are measured at amortised cost e.g. loans, debt securities, deposits, trade receivables and bank balance
- 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
- Financial assets that are measured at FVTOCI

The Company and its joint venture follow '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



# Notes to Consolidated Financial Statement

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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 analyzed.

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.

The Company and its joint venture do 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 hold 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 and its joint venture's balance sheet) when:

- The right to receive cash flows from asset have expired, or.
- The Company and its joint venture have 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:

# Notes to Consolidated Financial Statement

For the year ended March 31, 2023

- The Company and its joint venture have transferred substantially all the risks and rewards of the asset, or
- The Company and its joint venture have 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 and its joint venture's 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 and its joint venture '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 and its joint venture have 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 and its joint venture 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 have 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

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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 and its joint venture 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.

## 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 determine 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 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 and its joint venture's operations. Such changes are evident to external parties. A change in the business model occurs when the Company and its joint venture 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 do 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.

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## 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 and hedge accounting

### Initial recognition and subsequent measurement

The Company and its joint venture use derivative financial instruments, such as forward currency contracts to hedge its foreign currency risks. 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.

For the purpose of hedge accounting, at the inception of a hedge relationship, the Company and its joint venture formally designates and documents the hedge relationship to which the Company and its joint venture wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge.

The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged, and how the Company and its joint venture will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is 'an economic relationship' between the hedged item and the hedging instrument.
- The effect of credit risk does not 'dominate the value changes' that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Company and its joint venture actually hedges and the quantity of the hedging

instrument that the Company and its joint venture actually uses to hedge that quantity of hedged item.

The Company and its joint venture designate certain foreign exchange forward contracts as cash flow hedges to mitigate the risk of foreign exchange exposure on highly probable forecast sales transactions, and thereafter, as a fair value hedge of the resulting receivables.

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in OCI, e.g., cash flow hedging reserve and accumulated in the cash flow hedging reserve. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in the statement of profit and loss. The amount accumulated is retained in cash flow hedge reserve and reclassified to profit or loss in the same period or periods during which the hedged item affects the statement of profit or loss. Under fair value hedge, the change in the fair value of a hedging instrument is recognised in the statement of profit and loss. The change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item and is also recognised in the statement of profit and loss.

## (x) Retirement and other 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 and its joint venture 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 and its joint venture maintain an insurance policy to fund a post-employment medical assistance scheme, which is a defined contribution plan. The Company and its joint venture'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.

If the contribution payable to the schemes for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognised as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the



# Notes to Consolidated Financial Statement

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balance sheet date, then excess is recognised as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

## b) Defined Benefit Plan:

### Gratuity

The Company and its joint venture provide 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 and its joint venture is funded through annual contributions to Life Insurance Corporation of India (LIC) under its Company and its joint venture's Gratuity Scheme.

The Company and its joint venture'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 (Ind AS)-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 and its joint venture'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.

### Past service costs are recognised in profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Company and its joint venture recognises related restructuring costs

**Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company and its joint venture recognise the following changes in the net defined benefit obligation as an expense in the consolidated statement of profit and loss:**

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income

### Compensated Absences

Accumulated compensated absences are either availed or encashed within 12 months from the end of the year end are treated as short term employee benefits. The Company and its joint venture measure the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date. The Company and its joint venture recognise expected cost of short-term employee benefit as an expense, when an employee renders the related service.

The Company and its joint venture have a policy to encash the entire leaves balance outstanding as at the end of the year in the subsequent year.

### 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 net profit or loss attributable to equity shareholders of the Company and its joint venture (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.

# Notes to Consolidated Financial Statement

For the year ended March 31, 2023

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 its joint venture and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares. The Company and its joint venture did not have any potentially dilutive securities in any of the years presented.

## (xii) Dividend

The Company and its joint venture recognise 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 and its joint venture. 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.
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of

the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

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 asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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.

Sales/value added taxes paid on acquisition of assets or on incurring expenses

# Notes to Consolidated Financial Statement

For the year ended March 31, 2023

Expenses and assets are recognised net of the amount of sales/value added taxes paid, except:

- When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- When receivables and payables are stated with the amount of tax included

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

## (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 and its joint venture expect 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 and its joint venture 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 classify 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 and its joint venture 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),

# Notes to Consolidated Financial Statement

For the year ended March 31, 2023

- The asset (or disposal group) is being actively marketed for sale at a price that is reasonable in relation to its current fair value,
- The sale is expected to qualify for recognition as a completed sale within one year from the date of classification, and
- Actions required to complete the plan indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

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

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

## (xviii) Fair Value Measurements

The Company 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 and its joint venture.

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 use 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 and its joint venture 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 determine 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 and its joint venture analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per the Company and its joint venture's accounting policies.

For the purpose of fair value disclosures, the Company and its joint venture 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.

## (xix) Leases

The Company and its joint venture assess 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 apply 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 recognise 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 recognise 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



# Notes to Consolidated Financial Statement

For the year ended March 31, 2023

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 (viii) 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 in substance 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 its joint venture and payments of penalties for terminating the lease, if the lease term reflects the Company and its joint venture 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 apply 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 straight-line 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 judgements, 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 and its joint venture's accounting policies, management has made the following estimates and assumptions, 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, which 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.

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

The Company and its joint venture use 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.

# Notes to Consolidated Financial Statement

For the year ended March 31, 2023

## 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 establish 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 recognise 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 estimate 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 and the present value of the gratuity obligation 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. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. See Note 36 and 37 for further disclosures.

# Notes to Consolidated Financial Statement

For the year ended March 31, 2023

## 2d. Changes in accounting policies and disclosures

The Ministry of Corporate Affairs has notified Companies (Indian Accounting Standard) Amendment Rules 2022 dated March 23, 2022, to amend the following Ind AS which were effective from 1<sup>st</sup> April, 2022. These amendments had no impact on the standalone financial statement of the Company and its joint venture for the year ended 31<sup>st</sup> March, 2023. 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.

## 2e. Standards notified but not yet effective

The Ministry of Corporate Affairs has notified Companies (Indian Accounting Standards) Amendment Rules, 2023 dated 31<sup>st</sup> March, 2023 to amend the following Ind AS which are effective from 1<sup>st</sup> April, 2023.

- (i) Definition of Accounting Estimates - Amendments to Ind AS 8

The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. It has also been clarified how entities use measurement techniques and inputs to develop accounting estimates.

The amendments are effective for annual reporting periods beginning on or after 1<sup>st</sup> April, 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period.

The amendments are not expected to have a material impact on the Company and its joint venture's financial statements.

- (ii) Disclosure of Accounting Policies - Amendments to Ind AS 1

The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments to Ind AS 1 are applicable for annual periods beginning on or after 1<sup>st</sup> April, 2023. Consequential amendments have been made in Ind AS 107.

The Company and its joint venture are currently revisiting their accounting policy information disclosures to ensure consistency with the amended requirements.

- (iii) Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to Ind AS 12

The amendments narrow the scope of the initial recognition exception under Ind AS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

The amendments should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period presented, a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability should also be recognised for all deductible and taxable temporary differences associated with leases and decommissioning obligations. Consequential amendments have been made in Ind AS 101. The amendments to Ind AS 12 are applicable for annual periods beginning on or after 1<sup>st</sup> April, 2023.

The Company and its joint venture are currently assessing the impact of the amendments.

# Notes to Consolidated Financial Statement

For the year ended March 31, 2023

(All amount in ₹ Lacs, except for share capital note or 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
<b>Cost</b>										
<b>At 31<sup>st</sup> March, 2021</b>	<b>2,864.06</b>	<b>6,093.76</b>	<b>39,792.65</b>	<b>210.49</b>	<b>593.90</b>	<b>203.98</b>	<b>48.59</b>	<b>826.01</b>	<b>50,633.44</b>	<b>3,942.19</b>
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	-	-	-	-	-	-	-	-	-	-
<b>At 31<sup>st</sup> March, 2022</b>	<b>4,775.11</b>	<b>6,459.07</b>	<b>44,702.62</b>	<b>332.94</b>	<b>765.63</b>	<b>235.74</b>	<b>82.48</b>	<b>1,038.88</b>	<b>58,392.47</b>	<b>21,225.51</b>
Additions	1,134.51	1,078.73	24,819.99	84.66	353.81	16.31	21.26	270.25	27,779.52	11,692.83
Transfers	-	-	-	-	-	-	-	-	-	(25,443.19)
Disposals	-	-	(468.87)	-	(8.67)	-	-	-	(477.54)	-
<b>At 31<sup>st</sup> March, 2023</b>	<b>5,909.62</b>	<b>7,537.80</b>	<b>69,053.74</b>	<b>417.60</b>	<b>1,110.77</b>	<b>252.05</b>	<b>103.74</b>	<b>1,309.13</b>	<b>85,694.45</b>	<b>7,475.15</b>
<b>Depreciation</b>										
<b>At 31<sup>st</sup> March, 2021</b>	<b>-</b>	<b>303.63</b>	<b>8,293.39</b>	<b>63.64</b>	<b>228.84</b>	<b>99.41</b>	<b>23.46</b>	<b>168.99</b>	<b>9,181.36</b>	<b>-</b>
Depreciation charge for the year	-	236.41	3,256.60	30.62	81.63	41.73	16.14	84.72	3,747.85	-
Disposals	-	-	-	-	-	-	-	-	-	-
<b>At 31<sup>st</sup> March, 2022</b>	<b>-</b>	<b>540.04</b>	<b>11,549.99</b>	<b>94.26</b>	<b>310.47</b>	<b>141.14</b>	<b>39.60</b>	<b>253.71</b>	<b>12,929.21</b>	<b>-</b>
Depreciation charge for the year	-	263.53	4,791.47	42.16	118.57	39.93	23.11	104.73	5,383.50	-
Disposals	-	-	(308.32)	-	(5.90)	-	-	-	(314.22)	-
<b>At 31<sup>st</sup> March, 2023</b>	<b>-</b>	<b>803.57</b>	<b>16,033.14</b>	<b>136.42</b>	<b>423.14</b>	<b>181.07</b>	<b>62.71</b>	<b>358.44</b>	<b>17,998.49</b>	<b>-</b>
<b>Net book value</b>										
<b>At 31<sup>st</sup> March, 2023</b>	<b>5,909.62</b>	<b>6,734.23</b>	<b>53,020.60</b>	<b>281.18</b>	<b>687.63</b>	<b>70.99</b>	<b>41.03</b>	<b>950.69</b>	<b>67,695.96</b>	<b>7,475.15</b>
<b>At 31<sup>st</sup> March, 2022</b>	<b>4,775.11</b>	<b>5,919.03</b>	<b>33,152.63</b>	<b>238.68</b>	<b>455.16</b>	<b>94.60</b>	<b>42.88</b>	<b>785.17</b>	<b>45,463.26</b>	<b>21,225.51</b>

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

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

Note 3: The Company has capitalised the certain expenses of revenue nature amounting to ₹ 342.03 Lacs (31<sup>st</sup> March, 2022: ₹ 486.54 Lacs) to the cost of Property, plant and equipment/Capital work in progress (CWIP) (Refer note 27(b)).

Note 4: On transition to Ind As(i.e. 1<sup>st</sup> April 2018) the company has elected to continue with the carrying value of all property, plant and equipment measured as per the previous GAAP and use the carrying value as deemed cost of property, plant and equipment.

## Note 3 (a) Capital work-in-progress (CWIP) ageing schedule

As at 31<sup>st</sup> March, 2023

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	7,179.61	127.82	167.72	-	7,475.15
ii) Projects temporarily suspended	-	-	-	-	-
<b>Total</b>	<b>7,179.61</b>	<b>127.82</b>	<b>167.72</b>	<b>-</b>	<b>7,475.15</b>

As at 31<sup>st</sup> 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	295.84	459.68	20,956.04
ii) Project temporarily suspended	-	-	-	269.47	269.47
<b>Total</b>	<b>18,777.61</b>	<b>1,422.91</b>	<b>295.84</b>	<b>729.15</b>	<b>21,225.51</b>



# Notes to Consolidated Financial Statement

For the year ended March 31, 2023

(All amount in ₹ Lacs, except for share capital note or otherwise stated)

## CWIP Completion Schedule

As at 31<sup>st</sup> March, 2023

Particulars	To be completed in				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
i) Projects 1	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

As at 31<sup>st</sup> March, 2022

Particulars	To be completed in				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
i) Projects 1	269.47	-	-	-	269.47
<b>Total</b>	<b>269.47</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>269.47</b>

The overdue project was related to the 'Robot Gripper Up and Down Receiving Table' which was delayed due to covid restrictions. These projects were overdue in terms of completion only however there is no overdue project in terms of cost and this is capitalised in FY 2022-23.

## Note 3 (b) Assets held for sale

One of the plant and machinery was classified as held for sale based on the management decision to dispose of this asset in near future. This asset was not in active usage and was measured at the lower of its carrying amount and fair value less costs to sell. The fair value of this asset was determined using the market comparison approach.

## 4. Intangible Assets

Particulars	Computer Software	Intangible assets under development
<b>Cost</b>		
<b>At 31<sup>st</sup> March, 2021</b>	<b>20.87</b>	<b>95.14</b>
Additions	169.01	-
Disposal/capitalisation	-	(95.14)
<b>At 31<sup>st</sup> March, 2022</b>	<b>189.88</b>	<b>-</b>
Additions	27.05	-
<b>At 31<sup>st</sup> March, 2023</b>	<b>216.93</b>	<b>-</b>
<b>Depreciation and impairment</b>		
<b>At 31<sup>st</sup> March, 2021</b>	<b>7.74</b>	<b>-</b>
Amortisation charge for the year	26.33	-
<b>At 31<sup>st</sup> March, 2022</b>	<b>34.07</b>	<b>-</b>
Amortisation charge for the year	34.74	-
<b>At 31<sup>st</sup> March, 2023</b>	<b>68.81</b>	<b>-</b>
<b>Net book value</b>		
<b>At 31<sup>st</sup> March, 2023</b>	<b>148.12</b>	<b>-</b>
<b>At 31<sup>st</sup> March, 2022</b>	<b>155.81</b>	<b>-</b>

## 5. Investment in Joint Venture

Particulars	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
<b>At cost</b>		
Unquoted equity Shares		
Linchpin Technologies Private Limited	-	41.67
Nil (31 <sup>st</sup> March, 2022: 3,29,175) equity shares of ₹ 10/- each fully paid up		
<b>Total</b>	<b>-</b>	<b>41.67</b>

# Notes to Consolidated Financial Statement

For the year ended March 31, 2023

(All amount in ₹ Lacs, except for share capital note or otherwise stated)

During the year ended 31<sup>st</sup> March, 2022, the Company entered into a Joint Venture agreement with 'VVDN Technologies Private Limited' and acquired 3,29,175 equity shares (representing 33% stake) at a price of ₹ 12.52 each of Linchpin Technologies Private Limited. On 31<sup>st</sup> March, 2023, these shares are sold to VVDN Technologies Private Limited at a price of ₹ 13.08/- per share aggregating to ₹ 43.05 Lacs.

The following table shows the movement of investment in Joint Venture during the year ended:

Particulars	For the Year ended 31 <sup>st</sup> March, 2023	For the Year ended 31 <sup>st</sup> March, 2022
Balance as at the beginning of the year	41.67	-
Amount of investment made during the year	-	41.20
Share in profits of Joint Venture (Refer note 43)	0.48	0.47
Book value of investment sold during the year	(42.15)	-
Balance as at the end of the year	-	41.67

Calculation of (Gain)/Loss on sale of investment:

Particulars	Amount
Book Value of investment sold during the year	42.15
Amount received on sale of investment	(43.05)
(Gain)/Loss on sale of investment	(0.90)

## 6.1 Other financial assets

### Non-current ( Unsecured, Considered good)

Particulars	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
Security deposits	905.49	746.68
Government Incentives receivable (Refer note 39)	2,244.09	-
<b>Total</b>	<b>3,149.58</b>	<b>746.68</b>

### Current ( Unsecured, Considered good)

Particulars	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
Interest receivable on electricity deposits	36.28	27.17
Interest receivable on term deposits	0.16	4.08
Derivative instruments at fair value through profit or loss (refer note 36)	-	72.38
Export benefits recoverable (Duty drawback)	30.04	28.40
Contract Assets#	1.05	180.96
<b>Total</b>	<b>67.53</b>	<b>312.99</b>

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

# Contract Assets mainly include income accrued for die design and preparation charges.

### Break up of financial assets carried at amortised cost

Particulars	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
Other Non- current financial assets (Refer note 6.1)	3,149.58	746.68
Trade receivables (Refer note 9)	30,805.76	22,203.59
Cash and cash equivalents (Refer note 10)	1.31	2.02
Bank balance other than above (Refer note 11)	32.83	143.96
Other Current financial assets (Refer note 6.1)	67.53	240.61
Loans (Refer note 6.2)	26.89	19.03
<b>Total</b>	<b>34,083.90</b>	<b>23,355.89</b>

# Notes to Consolidated Financial Statement

For the year ended March 31, 2023

(All amount in ₹ Lacs, except for share capital note or otherwise stated)

## Break up of financial assets carried at fair value through profit or loss

Particulars	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
Derivatives financial Instruments at fair value through profit or loss ( Refer note 6.1)	-	72.38
<b>Total</b>	<b>-</b>	<b>72.38</b>

## 6.2 Loans

Particulars	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
Loan to employees	26.89	19.03
<b>Total</b>	<b>26.89</b>	<b>19.03</b>

## 7. Other assets

### Non-current (Unsecured, Considered good unless otherwise stated)

Particulars	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
Capital advances		
Considered good	5,094.32	2,730.44
Considered doubtful	167.01	167.01
	<b>5,261.33</b>	<b>2,897.45</b>
Less: Allowance for doubtful advances	(167.01)	(167.01)
<b>Net capital advances</b>	<b>5,094.32</b>	<b>2,730.44</b>
Prepaid expenses	57.81	47.91
<b>Total</b>	<b>5,152.13</b>	<b>2,778.35</b>

### Current (Unsecured, Considered good unless otherwise stated)

Particulars	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
Balances with government authorities		
Considered good	511.18	628.89
Considered doubtful	358.59	332.89
	<b>869.77</b>	<b>961.78</b>
Less: Allowance for doubtful balances	(358.59)	(332.89)
<b>Net Balance</b>	<b>511.18</b>	<b>628.89</b>
Export benefits recoverable (RoDTEP/MEIS)	75.67	40.02
Advance to suppliers	226.03	220.93
Advance to employees*		
- Related parties	4.88	-
-Others	1.63	1.06
Prepaid expenses	180.53	366.47
Government Incentives receivable (Refer note 39)	15.59	159.26
<b>Total</b>	<b>1,015.51</b>	<b>1,416.63</b>

\* includes imprest balances with employees for business related expenses

# Notes to Consolidated Financial Statement

For the year ended March 31, 2023

(All amount in ₹ Lacs, except for share capital note or otherwise stated)

## 8. Inventories

Particulars	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
Raw materials and components (includes material lying with third party and stock in transit) at cost	5,704.17	7,251.67
Work-in-progress (includes material lying with third party) at cost	4,633.98	5,914.86
Finished goods (Including stock in transit) (at lower of cost and net realisable value)	5,413.72	4,506.02
Stores and spares (At Cost)	1,096.92	654.32
Scrap (At Net realisable value)	111.48	71.49
<b>Total inventories at the lower of cost and net realisable value</b>	<b>16,960.27</b>	<b>18,398.36</b>

Inventory include inventory in transit of:

Particulars	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
Raw material	-	37.33
Finished goods	2,921.29	3,366.07
<b>Total</b>	<b>2,921.29</b>	<b>3,403.40</b>

## 9. Trade Receivables

Particulars	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
Trade receivables	30,786.50	22,201.61
Receivables from related parties (Refer note 35)	19.26	1.98
Total Trade receivables	<b>30,805.76</b>	<b>22,203.59</b>
<b>Break-up for security details:</b>		
<b>(a) Gross Trade receivables</b>		
Secured, considered good	983.44	740.30
Unsecured, considered good	29,757.90	21,302.60
Trade Receivables which have significant increase in credit risk	64.42	160.69
Trade Receivables-credit impaired	141.54	148.81
<b>Total gross trade receivables (a)</b>	<b>30,947.30</b>	<b>22,352.40</b>
<b>(b) Impairment allowance (allowance for bad and doubtful debts)</b>		
Unsecured, considered good	-	-
Trade receivables – which have significant increase in credit risk	-	-
Trade Receivables-credit impaired	(141.54)	(148.81)
<b>Total Impairment allowance (b)</b>	<b>(141.54)</b>	<b>(148.81)</b>
<b>Net Trade receivables (a+b)</b>	<b>30,805.76</b>	<b>22,203.59</b>

- 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 receivables 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 parties 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 14.3 for information on trade receivables pledged as security by the Company.



## Notes to Consolidated Financial Statement

For the year ended March 31, 2023

(All amount in ₹ Lacs, except for share capital note or otherwise stated)

### Trade receivables ageing as at 31 March, 2023

Particulars	Unbilled Receivable	Curent 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	-	23,040.38	7,700.96	-	-	-	-	30,741.34
Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	35.21	25.25	0.83	3.13	64.42
Undisputed Trade receivable – credit impaired	-	-	-	3.91	25.25	15.74	10.65	55.55
Disputed Trade receivables - considered good	-	-	-	-	-	-	-	-
Disputed Trade receivables – which have significant increase in credit risk	-	-	-	-	-	-	-	-
Disputed Trade receivables – credit impaired	-	-	-	-	-	-	85.99	85.99
<b>Total</b>	<b>-</b>	<b>23,040.38</b>	<b>7,700.96</b>	<b>39.12</b>	<b>50.50</b>	<b>16.57</b>	<b>99.77</b>	<b>30,947.30</b>

### Trade receivables ageing as at 31<sup>st</sup> March, 2022

Particulars	Unbilled Receivable	Curent 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	16,905.01	4,634.69	-	-	-	-	22,042.90
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
<b>Total</b>	<b>503.20</b>	<b>16,905.01</b>	<b>4,634.69</b>	<b>131.32</b>	<b>74.73</b>	<b>4.55</b>	<b>98.90</b>	<b>22,352.40</b>

## Notes to Consolidated Financial Statement

For the year ended March 31, 2023

(All amount in ₹ Lacs, except for share capital note or otherwise stated)

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

Particulars	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
Receivables discounted from bank	983.44	3,543.28
<b>Borrowing availed against said deliverables (Refer note 14)</b>	<b>983.44</b>	<b>3,543.28</b>

### 10. Cash and cash equivalents

Particulars	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
Cash on hand	1.31	2.02
<b>Total</b>	<b>1.31</b>	<b>2.02</b>

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

Particulars	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
Cash on hand	1.31	2.02
<b>Total</b>	<b>1.31</b>	<b>2.02</b>

### 11. Other Bank balances

Particulars	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
Fixed deposits with original maturity of more than three months and having remaining maturity of less than twelve months from balance sheet date	32.83	102.55
Balance in Corporate Social Responsibility (CSR) account	-	41.41
<b>Total</b>	<b>32.83</b>	<b>143.96</b>

Fixed deposits earn 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 ₹ 30 Lacs (31<sup>st</sup> March, 2022 ₹ 17.47 Lacs) as margin money against the issuance of letter of credit and bank guarantee.

### 12. Equity Share capital

Particulars	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
<b>Authorised</b>		
150,000,000 (March 31,2022, 150,000,000 equity shares of ₹ 2/- each) equity shares of ₹ 2/- each	3,000.00	3,000.00
<b>Issued, subscribed and fully paid-up</b>		
8,94,99,000 (March 31,2022 8,94,99,000 equity shares of ₹ 2/- each) equity shares of ₹ 2/- each	1,789.98	1,789.98

# Notes to Consolidated Financial Statement

For the year ended March 31, 2023

(All amount in ₹ Lacs, except for share capital note or otherwise stated)

## a) Reconciliation of the number of shares and amount outstanding during the year:

Equity shares*	As at 31 <sup>st</sup> March, 2023		As at 31 <sup>st</sup> March, 2022	
	No. of shares	Amount	No. of shares	Amount
<b>As at the beginning of the year (Equity share of ₹ 2/- each (previous year ₹ 100/- each))</b>	<b>8,94,99,000</b>	<b>1,789.98</b>	<b>8,94,990</b>	<b>894.99</b>
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
<b>As at the end of the year (Equity share of ₹ 2/- each)</b>	<b>8,94,99,000</b>	<b>1,789.98</b>	<b>8,94,99,000</b>	<b>1,789.98</b>

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

Further, the Company had subdivided 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 the existing 894,990 shares of ₹ 100/- each.

Subsequent to the sub-division, the Company during the previous year had issued 44,749,500 equity shares of face value ₹ 2/- each as bonus shares in 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.

## 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( March 31,2022 of ₹ 2/-per share). Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend, if proposed by the Board of Directors, is subject to the approval of the shareholders in the Annual General Meeting, except in case of Interim dividend.

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

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

Name of Shareholder	As at 31 <sup>st</sup> March, 2023		As at 31 <sup>st</sup> March, 2022	
	No. of shares	%	No. of shares	%
Sh. Paritosh Kumar Garg	3,56,60,600	39.84%	3,56,60,600	39.84%
Smt. Suman Garg	88,87,900	9.93%	88,87,900	9.93%
Sh. Ashish Garg	1,29,46,200	14.47%	1,29,46,200	14.47%
Sh. Paritosh K. Garg (HUF)	56,07,700	6.27%	56,07,700	6.27%
Ayush Capital and Financial Services Private Limited	1,07,45,100	12.01%	1,07,45,100	12.01%
India Business Excellence Fund - III(Formely known as Vistra ITCL (India) Limited)	1,05,29,000	11.76%	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.

Subsequent to the year ended 31<sup>st</sup> March, 2023, a trust by the name "Garg Family Trust" was formed and registered on 28<sup>th</sup> July, 2023. The settlor for the Trust is "Ms. Suman Garg" and the trustees of the Trust are "Mr. Ashish Garg and Mr. Paritosh Kumar". On 7<sup>th</sup> August, 2023, 29,148,700 equity shares of ₹ 2 each held by Mr. Paritosh Kumar (Promoter of the Company) were transferred to Ms. Suman Garg (by way of GIFT deed). On 7<sup>th</sup> August, 2023, Ms. Suman Garg settled 38,047,000 equity shares of ₹ 2 each to "Garg Family Trust" by way of Settlor, post this "Garg Family Trust" is one of the Promoters of the Company.

# Notes to Consolidated Financial Statement

For the year ended March 31, 2023

(All amount in ₹ Lacs, except for share capital note or otherwise stated)

## d) Details of shares held by Promoters

Name of Shareholder	As at March 2023		As at March 2022		% change during the year
	No. of shares	%	No. of shares	%	
Sh. Paritosh Kumar Garg	3,56,60,600	39.84%	3,56,60,600	39.84%	-
Smt. Suman Garg*	-	0.00%	88,87,900	9.93%	-
Sh. Ashish Garg	1,29,46,200	14.47%	1,29,46,200	14.47%	-
Smt. Megha Garg	24,19,900	2.70%	24,19,900	2.70%	-
Ms. Sheena Gupta*	-	0.00%	24,38,000	2.72%	-
Sh. Paritosh K. Garg (HUF)	56,07,700	6.27%	56,07,700	6.27%	-
Ashish Garg & Sons (HUF)	2,54,200	0.28%	2,54,200	0.28%	-
Ayush Capital and Financial Services Private Limited	1,07,45,100	12.01%	1,07,45,100	12.01%	-

\* In the filing of its Annual Return for the year ended 31<sup>st</sup> March, 2022, the Company had also considered Smt. Suman Garg and Ms. Sheena Gupta as Promoters. However, based on certain developments and management evaluation as per SEBI ICDR Regulations, they are categorised as members of Promoter Group as defined in the SEBI Regulations. They held 88,87,900 and 24,38,000 of equity shares respectively and no change in shareholding during years presented.

Name of Shareholder	As at March 2023		As at March 2022		% 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%	-

e) During the year 31<sup>st</sup> March, 2022, 4,47,49,500 bonus shares were issued of ₹ 2 each aggregating to ₹ 894.99 Lacs.

## 13. Other equity

Particulars	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
<b>Securities Premium</b>		
Opening balance	21,618.02	21,633.04
Add: Additions/(deletions) during the year	-	(15.02)
<b>Closing balance (a)</b>	<b>21,618.02</b>	<b>21,618.02</b>
<b>Retained earnings</b>		
Opening balance	55,353.62	41,987.61
Add: Profit for the year	20,869.92	14,228.49
Add: Other Comprehensive Income (OCI)	23.24	32.51
Less: Transfer to General reserve	-	(894.99)
<b>Closing balance (b)</b>	<b>76,246.78</b>	<b>55,353.62</b>
<b>General Reserve (Refer Note 12 a)</b>		
Opening balance	-	-
Add: Transfer from Retained earnings	-	894.99
<b>Less: Bonus issuance from general reserve</b>	<b>-</b>	<b>(894.99)</b>
<b>Closing balance (c)</b>	<b>-</b>	<b>-</b>



## Notes to Consolidated Financial Statement

For the year ended March 31, 2023

(All amount in ₹ Lacs, except for share capital note or otherwise stated)

Particulars	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
<b>Cash Flow Hedging Reserve</b>		
Opening balance	-	-
Changes in Fair Value of hedging instrument	(1,102.63)	-
Deferred Tax	277.51	-
<b>Closing balance (d)</b>	<b>(825.12)</b>	<b>-</b>
<b>Total (a+b+c+d)</b>	<b>97,039.68</b>	<b>76,971.64</b>

### Nature and purpose of reserves

#### (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 earnings

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.

#### (c) Cash Flow Hedging Reserve

The Company uses hedging instruments as part of its management of exposure to risks associated with foreign currency. For hedging foreign currency, the Company uses foreign exchange forward contracts. To the extent these hedges are effective, the change in fair value of the hedging instrument is recognised in the cash flow hedge reserve. Amount recognised in the cash flow hedge reserve is reclassified to the statement of profit or loss when the hedged item affects profit or loss.

### Distribution made and proposed

Particulars	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
<b>Proposed dividend on equity shares:</b>		
Proposed dividend for the year ended on March 31,2023: ₹ 1.30 per share (31 <sup>st</sup> March, 2022: Nil)	1,163.49	-

Proposed dividend on equity shares are subject to approval at the Annual General Meeting and is not recognised as a liability as at year end.

The Company has complied with the provisions of Section 123 of the Companies Act, 2013 related to dividend declared.

## 14. Borrowings

### 14.1 Non Current Borrowings

Particulars	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
<b>Secured</b>		
Term Loans		
-Indian rupee loan from banks [refer note no. 14A (1) & (4)]	2,619.79	3,017.75
-Foreign currency loan from banks [refer note no. 14A (2)]	1,346.87	-
-Foreign currency Reimbursement Authorisation (RA) Financing arrangement [refer note no. 14A (3)]	4,450.95	4,853.56
	<b>8,417.61</b>	<b>7,871.31</b>
Less: Current maturity of long term loans		
-Term loan from banks (Indian Ruppee)	(658.54)	(466.75)
-Term loan from banks (Foreign Currency)	(403.49)	-
-RA Financing arrangement from Banks	(1,537.98)	-
<b>Total</b>	<b>5,817.60</b>	<b>7,404.56</b>

## Notes to Consolidated Financial Statement

For the year ended March 31, 2023

(All amount in ₹ Lacs, except for share capital note or otherwise stated)

### 14.2 Current borrowings

Particulars	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
<b>Secured</b>		
-Indian rupee loan (Working Capital) from bank [refer note no. 14A (5)]	12,450.56	10,424.03
Current maturity of Long term loans		
-Indian rupee loan from banks [refer note no. 14A (1)]	658.54	466.75
-Foreign currency loan from banks [refer note no. 14A (2)]	403.49	-
-Foreign currency RA Financing arrangement [refer note no. 14A (3)]	1,537.98	-
<b>Unsecured</b>		
- Bill discounting from bank [refer note no. 14A (6) and (7)]	983.44	3,543.28
- Indian rupee loan from financial institutions [refer note no. 14A (9)]	-	1,996.60
- Loan from directors [refer note no. 14A (8)]	-	200.00
<b>Total</b>	<b>16,034.01</b>	<b>16,630.66</b>

### 14.3 Summary of secured and unsecured loans as follows:

Particulars	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
Secured Long term Borrowings	8,417.61	7,871.31
Secured Short term Borrowings	12,450.56	10,424.03
Unsecured Short term Borrowings	983.44	5,739.88
<b>Total Borrowings</b>	<b>21,851.61</b>	<b>24,035.22</b>

### Notes:

- 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 aggrement with the books of accounts of the Company.
- Term loans were applied for the purpose for which the loans were obtained.

### 14A Security, repayment & pricing details

Note Ref.	Nature	Bank Name	Balance outstanding as at 31st March, 2023	Interest rate	Repayable in	Security Details
1	Term Loan in Indian Rupee-I	Yes Bank	₹ 1,343.20 Lacs (March 31,2022 ₹ 1582.06 Lacs)	7.15-8.69%	12 Quarterly Instalments of ₹ 89.54 Lacs, ₹ 119.43 Lacs, ₹126.86 Lacs - 4 times each. Quarterly Instalment over 3 years. Instalment starting from Dec 22 and last instalment due in Mar 26	- Second Pari Passu charge on entire current assets of the company, both present & future; - First Pari Passu charge on all movable fixed assets of the company, 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, opp Garg Furnace, PO Office Jugiana, Ludhiana.
1	Term Loan in Indian Rupee-II	Yes Bank	₹ 1,276.59 Lacs (March 31,2022 ₹ Nil)	7.30-8.69%	17 Quarterly Instalments of ₹ 75.09 Lacs each over 4 years. (Part of the Term Loan Sanctioned of ₹ 60.00 crore). Instalment starting from Jul 22 and last instalment due in Apr 27	Second Pari Passu charge on entire current assets of the Company, both present & future; - First Pari Passu charge on all movable fixed assets of the Company, 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.

## Notes to Consolidated Financial Statement

For the year ended March 31, 2023

(All amount in ₹ Lacs, except for share capital note or otherwise stated)

Note Ref.	Nature	Bank Name	Balance outstanding as at 31st March, 2023	Interest rate	Repayable in	Security Details
2	Term Loan in Foreign Currency	ICICI Bank	Euro 15.08 Lac equivalent to ₹ 1,346.87 Lacs (March 31,2022: in Euro Nil, ₹ 1423.80)	3.60-8.10%	16 Quarterly Instalments of ₹ 57.64 Lacs, and 4 quarterly instalment of 86.46 Lacs, 115.28 Lacs & 120.57 Lacs each in over 3 years. Instalment starting from Dec 18 and last instalment due in Mar 26	Second pari passu charge over entire current assets of the Company, both present and future; First pari passu charge over all movable fixed assets of the Company, 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.
3	Term loan in Foreign Currency (Reimbursement authorisation Financing arrangement)	Bank of Baroda, Mauritius (backed by Guarantee from Yes Bank)	Euro 47.63 Lac equivalent to ₹ 4,252.40 Lacs (March 31,2022: Euro 57.63 Lac equivalent to ₹ 4,853.56 Lacs)	0.98-1.34%	Repayable from sanctioned term loan* of INR of ₹ 60 Crore from Yes Bank by 30 <sup>th</sup> June, 2023. From March 23 to December 2023. First installment due on March 24. 5 instalments will be paid on March 24 *further payable in 20 quarterly instalment of ₹ 212.62 Lacs each from July'22 to April'27 over a period of 5 years	Second Pari Passu charge on entire current assets of the Company, both present & future; - First Pari Passu charge on all movable fixed assets of the Company, 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.
3	Term loan in Foreign Currency (Reimbursement authorisation Financing arrangement)	ICICI bank, Frankfurt (backed by Guarantee from ICICI Bank)	Euro 2.22 Lac equivalent to ₹ 198. 55 Lacs (March 31,2022: Nil)	4.19%	Repayable from sanctioned term loan* of INR of ₹ 60 Crore from ICICI Bank by 27 <sup>th</sup> November, 2023. From July 2022 to April 2027. First installment due on June 23. 5 instalments will be paid on July 23. *further payable in 20 quarterly instalment of ₹ 9.93 Lacs each from March'23 to Dec'27 over a period of 5 years	Second Pari Passu charge on entire current assets of the Company, both present & future; - First Pari Passu charge on all movable fixed assets of the Company, 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.
4	Vehicle loans	HDFC Bank	₹ Nil (March 31,2022 ₹ 11.89 Lacs)	8.02%, 9.01%, 9.76%	Nil, (31 <sup>st</sup> March, 2022: Repayable in monthly instalment with last instalment due in Oct-22.)	- Secured by way of hypothecation on the asset financed by the banks
5	Cash Credit, Working capital demand loan & Export Packing credit	HDFC Bank	₹ 2,140.80 Lacs (March,31,2022 ₹ 4076.20 Lacs)	4.00% -7.85%	On Demand, However renewable on annual basis.	First pari passu charge over entire current assets of the Company, both present and future Second pari passu charge over all movable fixed assets of the Company, both present and future Second pari passu charge on immovable property of the Company located at all the plants
5	Cash Credit, Working capital demand loan & Export Packing credit	ICICI Bank	₹ 4,868.95 Lacs (March,31, 2022 ₹ 1782.99 Lacs)	5.15-8.25%	On Demand, However renewable on annual basis.	
5	Cash Credit, Working capital demand loan & Export Packing credit	Yes Bank	₹ 5,440.81 Lacs (March, 31, 2022 ₹ 4,564.84 Lacs)	5.17-8.69%	On Demand, However renewable on annual basis.	

## Notes to Consolidated Financial Statement

For the year ended March 31, 2023

(All amount in ₹ Lacs, except for share capital note or otherwise stated)

Note Ref.	Nature	Bank Name	Balance outstanding as at 31st March, 2023	Interest rate	Repayable in	Security Details
6	Bill Discounting	Kotak Mahindra Bank	₹ NIL (March 31,2022 ₹ 2802.98 Lacs)	6.90%-8.00%	within 60 to 180 days from the discounting	Drawn on Customers under the Letter of credit issued by their bank
7	Bill Discounting	ICICI Bank	₹ 983.44 Lacs (March 31,2022 ₹ 740.30 Lacs)	4.70%-7.60%	Within 60 to 180 days from the discounting	Drawn on Customers under the Letter of credit issued by their bank
8	Unsecured loan	Loan from Directors	₹ NIL (March 31,2022 ₹ 200.00 Lacs)	9.00%	On demand	Unsecured
9	Unsecured loan	Bajaj Finance	₹ NIL Lacs (March, 31, 2022 ₹ 1996.60 Lacs)	5.90%-7.00%	Repayment within 90 days of availing the facility.	Unsecured

### 15. Provisions

Particulars	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
<b>Current</b>		
Provisions for employees benefits		
Provision for gratuity (Refer note 33)	157.56	117.61
Provision for Compensated absences	221.19	149.34
<b>Total</b>	<b>378.75</b>	<b>266.95</b>

### 16. Income tax and Deferred tax liabilities

The major components of income tax expense for the year ended 31st March, 2023 and 31st March, 2022 are as follows:

Particulars	For the Year ended 31 <sup>st</sup> March, 2023	For the Year ended 31 <sup>st</sup> March, 2022
<b>Current income tax</b>		
Current income tax charge	6,854.21	4,691.64
Adjustments in respect of income tax of earlier years	(9.17)	17.48
Deferred tax		
Relating to origination and reversal of temporary differences (for current year)	279.80	267.24
Relating to origination and reversal of temporary differences (for earlier years)	7.90	-
<b>Income tax expense reported in the Statement of profit and loss</b>	<b>7,132.74</b>	<b>4,976.36</b>
<b>OCI Section</b>		
Tax on items recognised in OCI On remeasurement of defined benefit plans	7.82	10.94
Deferred Tax on items recognising on effective portion of cash flow hedges	277.51	-

### Reconciliation of tax expense and the accounting profit multiplied by domestic tax rate for 31<sup>st</sup> March, 2023 and 31<sup>st</sup> March, 2022

Particulars	For the Year ended 31 <sup>st</sup> March, 2023	For the Year ended 31 <sup>st</sup> March, 2022
<b>Accounting profit before tax</b>	28,002.66	19,204.85
At India's statutory income tax rate of 25.168 % (31 <sup>st</sup> March, 2022: 25.168%)	7,047.71	4,833.48
Previous year tax adjustment	(1.26)	17.48
<b>Non deductible expenses</b>		
Expenses disallowed for tax purpose	86.30	125.40
<b>Reported income tax expenses</b>	<b>7,132.74</b>	<b>4,976.36</b>
<b>Effective tax rate</b>	<b>25.47%</b>	<b>25.91%</b>



# Notes to Consolidated Financial Statement

For the year ended March 31, 2023

(All amount in ₹ Lacs, except for share capital note or otherwise stated)

## Deferred tax assets/(Deferred tax liabilities)

Deferred tax relates to the following	Balance sheet		Statement of profit and loss	
	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022	For the Year ended 31 <sup>st</sup> March, 2023	For the Year ended 31 <sup>st</sup> March, 2022
<b>Impact of timing difference between tax</b>				
- Impact of difference between tax depreciation/amortisation and depreciation/amortisation for the financial reporting	(2,951.95)	(2,602.96)	(348.99)	(387.26)
- Impact of MTM income As per IND-AS	277.48	(7.65)	285.13	(1.43)
- Provision for doubtful debts/advances	167.91	165.21	2.70	26.50
- Expenses allowed on payment basis (43B items)	123.99	92.01	31.98	84.01
- Others*	78.03	59.04	18.99	-
<b>Net Deferred tax assets/(Deferred tax liabilities)</b>	<b>(2,304.54)</b>	<b>(2,294.35)</b>	<b>(10.19)</b>	<b>(278.18)</b>

\* Other includes deferred tax on provision for sales return

## Reflected in the balance sheet as follows:

Particulars	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
At the beginning of the year	(2,294.35)	(2,016.17)
Tax (expense)/income for the period recognised in statement of profit and loss	(287.70)	(267.24)
Tax (expense)/income for the period recognised in OCI	277.51	(10.94)
<b>Deferred Tax Assets/(Liabilities)-Net</b>	<b>(2,304.54)</b>	<b>(2,294.35)</b>

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

Particulars	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
<b>Trade payables</b>		
Total outstanding dues of micro enterprises and small enterprises (Refer note 30)	606.64	533.08
Total outstanding dues of creditors other than micro enterprises and small enterprises	4,156.33	3,877.92
Trade payable to related parties (Refer note 35)	10.82	12.12
<b>Total</b>	<b>4,773.79</b>	<b>4,423.12</b>

## 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 31<sup>st</sup> March, 2023

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	-	530.34	76.31	-	-	-	606.65
Total outstanding dues of creditors other than micro enterprises and small enterprises	295.24	2,768.13	1,078.31	17.57	2.40	5.49	4,167.14
Disputed dues of micro enterprises and small enterprises	-	-	-	-	-	-	-
Disputed dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-	-	-
<b>Total</b>	<b>295.24</b>	<b>3,298.47</b>	<b>1,154.62</b>	<b>17.57</b>	<b>2.40</b>	<b>5.49</b>	<b>4,773.79</b>

# Notes to Consolidated Financial Statement

For the year ended March 31, 2023

(All amount in ₹ Lacs, except for share capital note or otherwise stated)

## As at 31<sup>st</sup> 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	911.35	2,002.46	963.17	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	-	-	-	-	-	-	-
<b>Total</b>	<b>911.35</b>	<b>2,466.81</b>	<b>1,029.69</b>	<b>6.20</b>	<b>8.75</b>	<b>0.32</b>	<b>4,423.12</b>

## 18. Other financial liabilities-current

Particulars	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
Interest accrued but not due on borrowings	107.83	91.01
Interest on income tax and others	44.80	0.22
Capital creditors-micro enterprises and small enterprises	59.48	204.25
Capital creditors - Other than micro enterprises and small enterprises	340.74	1,234.56
Derivative instruments at fair value through profit or loss(Refer note 36)	256.71	-
Derivative instruments at fair value through other comprehensive income (OCI) (Refer note 36)	1,102.63	-
Employee dues payable	686.62	518.64
<b>Total</b>	<b>2,598.81</b>	<b>2,048.68</b>

## 19. Other current liabilities

Particulars	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
Contract Liabilities*	146.05	161.63
Statutory dues payable**	631.23	385.78
<b>Total</b>	<b>777.28</b>	<b>547.41</b>

\* Contract Liabilities 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's include tax deducted at source, tax collected at source, goods and services tax, employee state insurance and provident fund payable.

## Break up of financial liabilities carried at amortised cost

Particulars	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
Borrowings	21,851.61	24,035.22
Trade Payables	4,773.79	4,423.12
Interest accrued but not due on borrowings	107.83	91.01
Interest on income tax and others	44.80	0.22
Capital creditors-micro enterprises and small enterprises	59.48	204.25
Capital creditors - Other than micro enterprises and small enterprises	340.74	1,234.56
Employee dues payable	686.62	518.64
<b>Total</b>	<b>27,864.87</b>	<b>30,507.02</b>

# Notes to Consolidated Financial Statement

For the year ended March 31, 2023

(All amount in ₹ Lacs, except for share capital note or otherwise stated)

## Break up of financial liabilities carried at amortised cost

Particulars	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
Derivative instruments at fair value through profit or loss (Refer note 18)	256.71	-
Derivative instruments at fair value through other comprehensive income (OCI) (Refer note 18)	1,102.63	-
<b>Total</b>	<b>1,359.34</b>	<b>-</b>

## 20. Revenue from contract with customers

Particulars	For the Year ended 31 <sup>st</sup> March, 2023	For the Year ended 31 <sup>st</sup> March, 2022
<b>Sale of Products</b>		
- Sale of finished goods	1,06,694.87	78,556.50
<b>Sale of services</b>		
- Die design and preparation charges	655.96	807.38
-Job work charges	0.58	6.26
<b>Total revenue from contract with customer (i)</b>	<b>1,07,351.41</b>	<b>79,370.14</b>
<b>Other operating revenues</b>		
- Sale of manufacturing scrap	8,742.26	6,439.09
- Government Grants (Refer Note no. 39)	3,559.21	194.74
- Others	-	0.56
<b>Total other operating revenue (ii)</b>	<b>12,301.47</b>	<b>6,634.39</b>
<b>Total (i+ii)</b>	<b>1,19,652.88</b>	<b>86,004.53</b>

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

Particulars	For the Year ended 31 <sup>st</sup> March, 2023	For the Year ended 31 <sup>st</sup> March, 2022
Revenue as per contracted price	1,07,643.66	79,465.67
Adjustment for:		
Discount and Incentives as per contact/schemes	(292.25)	(95.53)
<b>Revenue from contract with customers</b>	<b>1,07,351.41</b>	<b>79,370.14</b>

## 20.2 Timing of revenue recognition

Particulars	For the Year ended 31 <sup>st</sup> March, 2023	For the Year ended 31 <sup>st</sup> March, 2022
Goods transferred at a point in time	1,07,350.83	79,363.88
Services transferred over time	0.58	6.26
<b>Total revenue from contracts with customers</b>	<b>1,07,351.41</b>	<b>79,370.14</b>

## 20.3 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 150 days.

### 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.

# Notes to Consolidated Financial Statement

For the year ended March 31, 2023

(All amount in ₹ Lacs, except for share capital note or otherwise stated)

## 20.4 Contract balances

Particulars	For the Year ended 31 <sup>st</sup> March, 2023	For the Year ended 31 <sup>st</sup> March, 2022
Trade Receivables*	30,805.76	22,203.59
Contract Liabilities		
-Advance from Customers**	146.05	161.63
Contract Assets		
-Other recoverables***	1.05	180.96

\* Trade receivables are non-interest bearing and are generally on terms of 30 to 180 days.

\*\* 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.

\*\*\* Other recoverables at 31<sup>st</sup> March, 2022 include income accrued for die design and preparation charges.

## 21. Other Income

Particulars	For the Year ended 31 <sup>st</sup> March, 2023	For the Year ended 31 <sup>st</sup> March, 2022
Interest income		
-on term deposits with bank	4.98	41.27
-on Electricity deposit	40.31	31.15
-on Income Tax Refund	9.04	-
Gain on sale of Investment *	0.90	-
Gain on Foreign Exchange variation (net)	454.64	445.46
Fair value gain on financial instruments at fair value through profit or loss	-	72.38
Bad debts recovered	31.12	-
Gain from sale of Property, Plant and equipment (net)	4.58	-
Miscellaneous income**	28.60	15.59
<b>Total</b>	<b>574.17</b>	<b>605.85</b>

\*Gain on sale of Investment in joint venture (Refer Note 5)

\*\* Includes insurance claim and rental income

## 22. Cost of raw material and components consumed

Particulars	For the Year ended 31 <sup>st</sup> March, 2023	For the Year ended 31 <sup>st</sup> March, 2022
Inventory at the beginning of the year (Refer note 8) (a)	7,251.67	5,793.98
Purchases during the year (b)	53,225.21	45,362.61
Sale during the year (c )	0.25	320.22
Inventory at the end of the year (refer note 8) (d)	5,704.17	7,251.67
<b>Total (a+b-c-d)</b>	<b>54,772.46</b>	<b>43,584.70</b>



# Notes to Consolidated Financial Statement

For the year ended March 31, 2023

(All amount in ₹ Lacs, except for share capital note or otherwise stated)

## 23. (Increase)/decrease in inventories of finished goods, work-in-process and scrap

Particulars	For the Year ended 31 <sup>st</sup> March, 2023	For the Year ended 31 <sup>st</sup> March, 2022
<b>Inventory at the beginning of the year (Refer note 8)</b>		
-Finished Goods	4,506.02	2,592.57
-Work In progress	5,914.86	3,021.01
-Scrap	71.49	133.34
<b>Sub Total (a)</b>	<b>10,492.37</b>	<b>5,746.92</b>
<b>Inventory at the end of the year (Refer note 8)</b>		
-Finished Goods	5,413.72	4,506.02
-Work In progress	4,633.98	5,914.86
-Scrap	111.48	71.49
<b>Sub Total (b)</b>	<b>10,159.18</b>	<b>10,492.37</b>
<b>(Increase)/decrease in inventories of finished goods, work-in-progress and scrap (a-b)</b>	<b>333.19</b>	<b>(4,745.45)</b>

## 24. Employee benefits expense (Refer note 27(b))

Particulars	For the Year ended 31 <sup>st</sup> March, 2023	For the Year ended 31 <sup>st</sup> March, 2022
Salaries, wages and bonus	7,758.12	6,052.62
Contribution to provident fund and other funds	706.09	565.49
Gratuity (Refer note 33)	188.62	161.16
Staff welfare expenses	124.77	88.49
<b>Total</b>	<b>8,777.60</b>	<b>6,867.76</b>

## 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.

## 25. Finance Costs (Also refer note 27(b))

Particulars	For the Year ended 31 <sup>st</sup> March, 2023	For the Year ended 31 <sup>st</sup> March, 2022
<b>Interest expenses (At amortised Cost)</b>		
- on borrowings**	965.03	445.17
- on others***	44.81	0.22
Interest on bill discounting #	181.21	188.58
Other borrowing cost *	56.53	81.91
<b>Total</b>	<b>1,247.58</b>	<b>715.88</b>

\*\*includes interest paid on 'loans from directors' of ₹ 12.61 Lacs (31<sup>st</sup> March, 2022: ₹ 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.

\*\*\* includes interest on income tax ₹ 42.95 Lacs (31<sup>st</sup> March, 2022: Nil)

# Notes to Consolidated Financial Statement

For the year ended March 31, 2023

(All amount in ₹ Lacs, except for share capital note or otherwise stated)

## 26. Depreciation and amortisation expenses

Particulars	For the Year ended 31 <sup>st</sup> March, 2023	For the Year ended 31 <sup>st</sup> March, 2022
Depreciation on property, plant and equipment (refer note 3)	5,383.50	3,747.85
Amortisation on intangible assets (refer note 4)	34.74	26.33
<b>Total</b>	<b>5,418.24</b>	<b>3,774.18</b>

## 27. Other Expenses

Particulars	For the Year ended 31 <sup>st</sup> March, 2023	For the Year ended 31 <sup>st</sup> March, 2022
Consumption of stores and spares	5,623.25	4,345.27
Power and fuel Expenses (net) #	7,576.40	6,765.42
Packing material	791.49	623.86
Job work charges	1,055.39	810.32
Rent expenses (refer note 31)	25.31	22.40
Rates and taxes	71.76	22.10
Repairs and maintenance:		
- Plant and machinery	2,098.35	1,615.61
- Building	29.18	27.66
- others	124.66	65.56
Travelling & Conveyance expenses	203.97	69.33
Advertisement and sales promotion expenses	68.22	29.61
Freight and forwarding charges	2,585.95	2,011.52
Director's sitting fees	7.60	5.50
Payment to Auditors (refer note. 27a)	43.53	54.47
Legal and professional fees	224.37	119.52
Provision for doubtful receivables, advances and deposits	18.43	5.81
CSR expenditure (refer note 34)	271.55	265.93
Donation	6.02	1.58
Fair value loss on financial instruments at fair value through profit or loss	256.71	
Property, plant and equipment written off	157.95	-
Insurance	227.62	179.42
Miscellaneous expenses*	208.09	168.04
<b>Total</b>	<b>21,675.80</b>	<b>17,208.93</b>

\* 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 ₹ 343.18 Lacs (31<sup>st</sup> March, 2022 ₹ 314.89 Lacs) on account of electricity duty subsidy receivable from Government. (Refer note 39)

## 27(a) Payment to Auditors

Particulars	For the Year ended 31 <sup>st</sup> March, 2023	For the Year ended 31 <sup>st</sup> March, 2022
<b>As statutory auditors</b>		
(i) Audit Fee	40.00	49.00
(ii) Certification charges	-	0.50
(iii) Reimbursement of expenses	3.53	4.97
<b>Total</b>	<b>43.53</b>	<b>54.47</b>

## Notes to Consolidated Financial Statement

For the year ended March 31, 2023

(All amount in ₹ Lacs, except for share capital note or otherwise stated)

### 27(b) Capitalisation of expenditures

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.

Particulars	For the Year ended 31 <sup>st</sup> March, 2023	For the Year ended 31 <sup>st</sup> March, 2022
Interest on bank facilities @ 7.32% (31 <sup>st</sup> March, 2022: 6.85 %) (Specific borrowings)	27.38	42.52
Interest on bank facilities @ 5.58% (31 <sup>st</sup> March, 2022: 5.71%) (General borrowings)	224.28	346.76
Salaries wages and bonus	90.37	97.26
<b>Total</b>	<b>342.03</b>	<b>486.54</b>

### 28. Earnings Per Share (EPS)

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

Particulars	For the Year ended 31 <sup>st</sup> March, 2023	For the Year ended 31 <sup>st</sup> March, 2022
(I) Net Profit attributable to equity shareholders of the Company	20,869.92	14,228.49
(II) Weighted average number of Equity shares for EPS (II)		
-Basic (Face Value ₹ 2/- per share (March, 31, 2022: ₹ 2/-per share)	8,94,99,000.00	8,94,99,000.00
-Diluted (Face Value ₹ 2/- per share (March, 31, 2022: ₹ 2/-per share)	8,94,99,000.00	8,94,99,000.00
(III) Earning per equity share [nominal value of ₹ 2 per share] (31 <sup>st</sup> March, 2022 of ₹ 2 per share) [(I)/(II)]		
-Basic and Diluted	23.32	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 issue was without consideration, it is treated as if it had occurred before the beginning of April 2020, the earliest period presented.

### 29. Contingent liabilities and commitments

Particulars	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
<b>a. Contingent Liabilities</b>		
Claims against the Company not acknowledged as debts:		
(i) Excise/Goods & service tax demands (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)	187.35	216.75
(ii) Income tax demands (Demands for Additions on account of unaccounted sales of stock/excess share premium received and for disallowance for late deposition of statutory dues)	173.11	143.24
The above matters are subject to legal proceedings in the ordinary course of business. On the basis of the 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.		
<b>b. Capital Commitments</b>		
Estimated amount of contracts remaining to be executed on capital expenditure and not provided for (net of advances)	11,364.44	12,635.96
<b>c. EPCG Commitment</b>		
The Company has export obligations to the extent ₹ 4,597.57 Lacs (as at 31 <sup>st</sup> March, 2022 ₹ 13,437.00 Lacs) of on account of concessional rates of import duties paid on capital goods under the Export Promotion Capital Goods Scheme enacted by the Government of India which is to be fulfilled over the next eight/six years. Due to the remote likelihood of the Company being unable to meet its export obligations, the Company does not anticipate a loss with respect to these obligations and hence has not made any provision in its financial statements.	766.27	2,239.50
<b>d. Outstanding Bank guarantees</b>	176.43	174.73

## Notes to Consolidated Financial Statement

For the year ended March 31, 2023

(All amount in ₹ Lacs, except for share capital note or otherwise stated)

### 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:

Particulars	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end (Refer note 17 and 18)	666.12	737.33
Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year end	1.86	0.22
	<b>667.98</b>	<b>737.55</b>
Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed day during the year	89.75	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	1.86	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 ₹ 25.31 Lacs for the year ended 31<sup>st</sup> March 2023 (31<sup>st</sup> March, 2022 ₹ 22.40 Lacs ) towards expenses relating to short terms leases and leases of low value assets and hence the same is recognised in statement of Profit & loss account. Leases mainly comprise of facilities taken for sales office and as warehouse facilities.

### 32. Segment Information

The Group business comprises only the Forging segment where the Company sells forged products comprising of forgings and machined components for the 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 Group's Chairman and Managing Director is the Chief Operating Decision Maker (CODM) and monitors all operating segments' operating results to make decisions about resources to be allocated to the segments and assess their performance. As the Chief operating decision maker of the Company assesses the financial performance and position of the Company as a whole and maker strategic decision, the management considers trading of watches, accessories & other luxury items and related service as a single operating segment as per Ind As 108, hence separate segment disclosure, have not been furnished.

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

Revenue from contract with customers	For the Year ended 31 <sup>st</sup> March, 2023	For the Year ended 31 <sup>st</sup> March, 2022
Within India	93,516.30	70,688.76
Outside India	13,835.11	8,681.38
<b>Total</b>	<b>1,07,351.41</b>	<b>79,370.14</b>

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
Year ended 31 <sup>st</sup> March, 2023	1	17,667.78
Year ended 31 <sup>st</sup> March, 2022	2	20,167.42



# Notes to Consolidated Financial Statement

For the year ended March 31, 2023

(All amount in ₹ Lacs, except for share capital note or otherwise stated)

## 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.

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

Particulars	For the Year ended 31 <sup>st</sup> March, 2023	For the Year ended 31 <sup>st</sup> March, 2022
<b>(i) Changes in the present value of defined benefit obligation</b>		
Present value of defined benefit obligation as at year beginning	664.60	550.15
Current Service Cost	180.29	155.20
Past Service cost	-	-
Interest Cost	47.72	37.35
<b>Remeasurements (gains)/losses</b>		
-Actuarial (gains)/losses arising from changes in demographic assumptions	-	-
-Actuarial (gains)/losses arising from changes in financial assumptions	(15.93)	(28.50)
-Actuarial (gains)/losses arising from changes in experience adjustments	(12.36)	(13.54)
<b>Benefits Paid</b>	(61.56)	(36.06)
<b>Present value of defined benefit obligation as at year end</b>	<b>802.76</b>	<b>664.60</b>

Particulars	For the Year ended 31 <sup>st</sup> March, 2023	For the Year ended 31 <sup>st</sup> March, 2022
<b>(ii) Changes in fair value of plan assets</b>		
Fair Value of Plan Assets as at year beginning	546.98	463.67
<b>Remeasurements (gains)/losses</b>		
-Return on plan assets, (excluding amount included in net Interest expense)	42.04	32.89
-FMC Charges	-	-
Employer's Contribution	117.74	86.48
Benefits Paid	(61.56)	(36.06)
<b>Fair Value of Plan Assets as at year end</b>	<b>645.20</b>	<b>546.98</b>

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

#### Expense recognised in the Statement of Profit or Loss:

Particulars	For the Year ended 31 <sup>st</sup> March, 2023	For the Year ended 31 <sup>st</sup> March, 2022
Current Service Cost	180.29	155.20
Net Interest Cost/(Income)	8.44	5.87
<b>Net Cost Recognised in the Statement of Profit or Loss</b>	<b>188.73</b>	<b>161.07</b>

# Notes to Consolidated Financial Statement

For the year ended March 31, 2023

(All amount in ₹ Lacs, except for share capital note or otherwise stated)

## Expense recognised in the Other Comprehensive Income:

Particulars	For the Year ended 31 <sup>st</sup> March, 2023	For the Year ended 31 <sup>st</sup> March, 2022
Remeasurements (gains)/losses	(28.29)	(42.04)
Actuarial (gain)/Loss for the year on asset	(2.77)	(1.41)
<b>Net Cost/(gain) Recognised in the Other comprehensive income (OCI)</b>	<b>(31.06)</b>	<b>(43.45)</b>

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

Particulars	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
<b>Amounts Recognised in the Balance Sheet</b>		
Present value of defined benefit obligation at the year end	802.76	664.60
Fair Value of the Plan Assets at the year end	(645.21)	(546.98)
<b>Liability/(Asset) Recognised in the Balance Sheet</b>	<b>157.55</b>	<b>117.62</b>

### (v) A quantitative sensitivity analysis for significant assumption as at year end is as shown below

a) Impact of change in discount rate	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
Present Value of obligation at the end of the year	802.76	664.60
a) Impact due to increase of 0.5%	(43.88)	(35.87)
b) Impact due to decrease of 0.5%	48.21	39.43

b) Impact of change in Salary increase	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
Present Value of obligation at the end of the year	802.76	664.60
a) Impact due to increase of 0.5%	46.60	38.20
b) Impact due to decrease of 0.5%	(42.86)	(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.

### (vi) Expected contribution for the next Annual reporting period

Particulars	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
a) Service cost	231.55	199.65
b) Net interest cost	11.60	8.44
c) Expected expense for the next annual reporting period	243.15	208.10

### (vii) Significant Actuarial Assumptions

Particulars	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
Discount Rate	7.36%	7.18%
Number of Employees	2,909	2,639
Maximum Gratuity amount limit	20 Lacs	20 Lacs
Mortality Rates inclusive of provision for disability	100% of IALM(2012-14)	100% of IALM(2012-14)
Future Salary Increase (%)	7.00%	7.00%
Retirement Age (Years)	58	58

## Notes to Consolidated Financial Statement

For the year ended March 31, 2023

(All amount in ₹ Lacs, except for share capital note or otherwise stated)

Particulars	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
<b>Attrition at Ages</b>		
Up to 30 Years	5.00%	5.00%
From 31 to 44 years	3.00%	3.00%
Above 44 years	2.00%	2.00%

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.

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

Particulars	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
Funds managed by Insurer	100%	100%
<b>Total</b>	<b>100%</b>	<b>100%</b>

### (ix) Maturity profile of Defined benefit obligation

Year	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
0 to 1 years	107.07	100.45
1 to 2 years	20.33	23.67
2 to 3 years	28.97	18.27
3 to 4 years	22.14	23.26
4 to 5 years	32.30	17.53
5 to 6 years	33.12	25.33
6 years and beyond	558.84	456.09
<b>Total</b>	<b>802.76</b>	<b>664.60</b>

The average duration of the defined benefit plan obligation at the end of reporting period is 15.94 years (31<sup>st</sup> March, 2022: 15.97 years)

### 34. Detail of expenditure incurred on Corporate Social Responsibilities

Particulars	For the Year ended 31 <sup>st</sup> March, 2023	For the Year ended 31 <sup>st</sup> March, 2022
a) Gross amount required to be spent by the Company during the year	271.55	244.88
b) Amount approved by the Board to be spent during the year	300.00	270.00

a) Amount spent during the year:

Particulars	For the Year ended 31 <sup>st</sup> March, 2023	For the Year ended 31 <sup>st</sup> March, 2022
Construction/acquisition of any asset	78.13	54.30
On purpose other than above (i) above	136.43	265.93
<b>Total amount spent during the year</b>	<b>214.56</b>	<b>320.23</b>

Amount spent during the year ending on 31 <sup>st</sup> March, 2023:	In cash	Yet to be paid in cash	Total
i) Construction/acquisition of any asset	78.13	56.99	135.12
ii) On purposes other than (i) above	136.43	-	136.43

## Notes to Consolidated Financial Statement

For the year ended March 31, 2023

(All amount in ₹ Lacs, except for share capital note or otherwise stated)

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

In case of S. 135(6) (Ongoing project)	For the Year ended 31 <sup>st</sup> March, 2023	For the Year ended 31 <sup>st</sup> March, 2022
<b>Opening Balance</b>		
- With Company	-	-
- In Separate CSR Unspent A/c	41.47	95.00
Amount required to be spent	135.12	-
<b>Amount spent during the year</b>		
-From Company's bank A/c	78.13	0.77
-From Separate CSR Unspent A/c	41.47	53.53
<b>Closing balance</b>		
- With Company	-	-
- In Separate CSR Unspent A/c	-	41.47
Amount required to be deposited in separate bank account	56.99	-
Actual amount deposited in Unspent Account after the year end	60.00	-

In case of S. 135(5) (Other than ongoing project)	For the Year ended 31 <sup>st</sup> March, 2023	For the Year ended 31 <sup>st</sup> March, 2022
Opening Balance		
Amount required to be spent during the year	136.43	244.88
Amount spent during the year	136.43	265.93
Amount deposited in Specified Fund of Sch. VII within 6 months	-	-
<b>Closing Balance</b>	<b>-</b>	<b>-</b>

### 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. Parkash Bagla	Non-Executive Director (Nominee Director)
vii. Vikas Giya	Independent Director *
viii. Nitin Aggarwal	Non- executive Director
ix. Satish Sekhri	Independent Director *
x. Ravindra Pisharody (w.e.f 16 <sup>th</sup> June, 2022)	Independent Director *
xi. Suresh Chander Garg (upto 24 <sup>th</sup> February, 2022)	Independent Director *
xii. Pankaj Kumar Goyal	Chief financial officer
xiii. Bindu Garg (w.e.f. 12 <sup>th</sup> July, 2022)	Company Secretary
xiv. Depesh Kumar (Upto 14 <sup>th</sup> June, 2022)	Company Secretary



## Notes to Consolidated Financial Statement

For the year ended March 31, 2023

(All amount in ₹ Lacs, except for share capital note or otherwise stated)

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

- Ayush Capital and Financial Services Pvt. Ltd.
- Happy Steels Private Limited
- Technomic Industries (proprietorship)
- Gamo Forgings Private Limited
- Venus Industrial Corporation( partnership)
- Northstar Autocomp Private Limited
- Paritosh Kumar HUF
- Ashish Garg & Sons HUF

### 3) Other related parties

- Linchpin technologies Private Ltd. (Joint Venture) (w.e.f. 8<sup>th</sup> January, 2022, Upto 31<sup>st</sup> March, 2023)
- VVDN Technologies Private Limited (Co-venturer, Linchpin technologies Pvt. Ltd.) (w.e.f. 8<sup>th</sup> January, 2022, Upto 31<sup>st</sup> March, 2023)

\* 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 period:

Particulars	Key Management Personnel and their relatives		Enterprises over which Key Management Personnel & their relatives are able to exercise significant influence	
	For the Year ended 31 <sup>st</sup> March, 2023	For the Year ended 31 <sup>st</sup> March, 2022	For the Year ended 31 <sup>st</sup> March, 2023	For the Year ended 31 <sup>st</sup> March, 2022
<b>A) Transactions</b>				
<b>Sale of finished goods(Inclusive of GST)</b>				
Happy Steel Private Limited			10.70	1.58
Northstar Autocomp Pvt. Ltd.			8.06	-
<b>Total</b>	-	-	<b>18.76</b>	<b>1.58</b>
<b>Sale of Raw Material(Inclusive of GST)</b>				
Technomec Industries			-	6.71
Venus Industrial Corporation			-	34.88
Northstar Autocomp Pvt. Ltd.			0.30	1.98
<b>Total</b>	-	-	<b>0.30</b>	<b>43.57</b>
<b>Job Work Sales(Inclusive of GST)</b>				
Technomec Industries			0.23	0.17
Northstar Autocomp Pvt. Ltd.			0.77	-
Happy Steel Private Limited			-	1.25
Venus Industrial Corporation			-	2.31
<b>Total</b>	-	-	<b>1.00</b>	<b>3.73</b>
<b>Job Work Expenses(Inclusive of GST)</b>				
Happy Steel Private Limited			1.94	4.15
Technomec Industries			64.12	75.13
<b>Total</b>	-	-	<b>66.06</b>	<b>79.28</b>
<b>Reimbursement of freight(Inclusive of GST)</b>				
Technomec Industries			1.85	2.70
<b>Total</b>	-	-	<b>1.85</b>	<b>2.70</b>

## Notes to Consolidated Financial Statement

For the year ended March 31, 2023

(All amount in ₹ Lacs, except for share capital note or otherwise stated)

Particulars	Key Management Personnel and their relatives		Enterprises over which Key Management Personnel & their relatives are able to exercise significant influence	
	For the Year ended 31 <sup>st</sup> March, 2023	For the Year ended 31 <sup>st</sup> March, 2022	For the Year ended 31 <sup>st</sup> March, 2023	For the Year ended 31 <sup>st</sup> March, 2022
<b>Capital Good Purchased(Inclusive of GST)</b>				
Happy Steels Private Limited			31.86	-
<b>Total</b>	-	-	<b>31.86</b>	-
<b>Repair work expenses(Inclusive of GST)</b>				
Happy Steels Private Limited			-	0.12
<b>Total</b>	-	-	-	<b>0.12</b>
<b>Purchase of Unquoted equity shares from Linchpin Technologies Private Limited</b>				
VVDN Technologies Private Limited	-	-	-	41.20
<b>Total</b>	-	-	-	<b>41.20</b>
<b>Sale of Unquoted equity shares of Linchpin Technologies Private Limited</b>				
VVDN Technologies Private Limited	-	-	43.05	-
<b>Total</b>	-	-	<b>43.05</b>	-
<b>Reoayment of loan</b>				
Ashish Garg	190.00	75.00	-	-
Megha Garg	10.00	-	-	-
<b>Total</b>	<b>200.00</b>	<b>75.00</b>	-	-
<b>Interest on Loan</b>				
Ashish Garg	11.71	22.81	-	-
Megha Garg	0.90	0.94	-	-
<b>Total</b>	<b>12.61</b>	<b>23.75</b>		
<b>Short term employee benefit #</b>				
Suman Garg	60.59	46.28	-	-
Paritosh Kumar Garg	201.47	161.78	-	-
Ashish Garg	196.72	158.48	-	-
Megha Garg	47.65	36.38	-	-
Narender Singh Juneja	58.35	48.49	-	-
Bindu Garg	28.47	11.89	-	-
Depesh Kumar	5.43	14.66	-	-
Pankaj Kumar Goyal	22.12	21.30	-	-
<b>Total</b>	<b>620.80</b>	<b>499.26</b>	-	-
<b>Directors sitting fees</b>				
Satish Sekhri	4.00	4.00	-	-
Nitin Aggarwal	0.30	0.50	-	-
Suresh Chander Garg	-	0.50	-	-
Ravindra Pisharody	3.00	-	-	-
Vikas Giya	0.30	0.50	-	-
<b>Total</b>	<b>7.60</b>	<b>5.50</b>	-	-
<b>Commission</b>				
Satish Sekhri	-	6.00	-	-
<b>Total</b>	-	<b>6.00</b>	-	-

# Notes to Consolidated Financial Statement

For the year ended March 31, 2023

(All amount in ₹ Lacs, except for share capital note or otherwise stated)

## Balance with related Parties as at period end:

Sr. No.	Name of Party	Nature of Balances	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
1	Happy Steels Private Limited	Trade payables	8.79	6.88
2	Happy Steels Private Limited	Trade receivable	10.70	-
3	Technomec Industries	Trade payables	2.03	5.23
4	Technomec Industries	Trade receivable	0.23	-
5	NorthStar Autocomp Private Limited	Trade receivable	8.33	1.98
6	Ashish Garg	Borrowings (Short & Long term)	-	190.00
7	Megha Garg	Borrowings (Short & Long term)	-	10.00
8	Ashish Garg	Advance to employee	0.12	-
9	Paritosh Kumar Garg	Advance to employee	4.76	-

# Expenses towards gratuity and leave encashment provisions are determined by actuary on an overall Company basis at the end of each year and, accordingly have not been considered in the above information.

## Terms and conditions of transactions with related parties

- The Company's principal related parties consist of its key managerial personnel. The Company's related party transactions and outstanding balances are with related parties with whom the Company routinely enters into transactions in the ordinary course of business.
- Key Managerial Personnel are entitled to short term employment benefits recognised as per Ind AS 19 'Employee Benefits' in the financial statements. As these employees benefits are lump sum amounts provided on the basis of actuarial valuation the same is not included above.
- All transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions and within the ordinary course of business.

## 36. Financial Assets & Financial Liabilities

### A. Financial Assets

Particulars	Fair Value hierarchy	As at 31 <sup>st</sup> March, 2023		As at March 31, 2022	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value
<b>Financial Assets-Non Current</b>					
<b>At Amortised Cost</b>					
(ii) Other financial assets (Refer note 6.1)		3,149.58	3,149.58	746.68	746.68
<b>Total Non current financial assets (a)</b>		3,149.58	3,149.58	746.68	746.68
<b>Financial Assets-Current</b>					
<b>At fair value though profit or loss</b>					
(a) Derivative financial instruments (Refer note 6.1)	Level 2	-	-	72.38	72.38
<b>At Amortised Cost</b>					
(i) Trade receivables (Refer note 9)		30,805.76	30,805.76	22,203.59	22,203.59
(ii) Cash and cash equivalents (Refer note 10)		1.31	1.31	2.02	2.02
(iii) Bank balance other than above (Refer note 11)		32.83	32.83	143.96	143.96
(iv) Loans (Refer note 6.2)		26.89	26.89	19.03	19.03
(v) Other financial assets (Refer note 6.1)		67.53	67.53	240.61	240.61
<b>Total Current financial assets (b)</b>		<b>30,934.32</b>	<b>30,934.32</b>	<b>22,681.59</b>	<b>22,681.59</b>
<b>Total financial assets (a+b)</b>		<b>34,083.90</b>	<b>34,083.90</b>	<b>23,428.27</b>	<b>23,428.27</b>

# Notes to Consolidated Financial Statement

For the year ended March 31, 2023

(All amount in ₹ Lacs, except for share capital note or otherwise stated)

## B. Financial Liabilities

Particulars	Fair Value hierarchy	As at 31 <sup>st</sup> March, 2023		As at March 31, 2022	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value
<b>Financial liabilities-non current</b>					
<b>At Amortised Cost</b>					
(i) Borrowings (Refer note 14)		5,817.60	5,817.60	7,404.56	7,404.56
<b>Total Non Current Financial Liabilities (a)</b>		<b>5,817.60</b>	<b>5,817.60</b>	<b>7,404.56</b>	<b>7,404.56</b>
<b>Financial liabilities-Current</b>					
<b>At Amortised Cost</b>					
(i) Borrowings (Refer note 14)		16,034.01	16,034.01	16,630.66	16,630.66
(ii) Trade payable (Refer note 17)		4,773.79	4,773.79	4,423.12	4,423.12
<b>At fair value though profit or loss</b>					
(iii) Derivative financial instruments (Refer note 18)	Level 2	256.71	256.71	-	-
<b>At fair value though Other Comprehensive Income</b>					
(iv) Derivative financial instruments (Refer note 18)	Level 2	1,102.63	1,102.63	-	-
<b>Others</b>					
<b>At Amortised Cost</b>					
Employee dues payable (Refer note 18)		686.62	686.62	518.64	518.64
Other payables (Refer note 18)		552.84	552.84	1,530.04	1,530.04
<b>Total Current Financial Liabilities (b)</b>		<b>23,406.60</b>	<b>23,406.60</b>	<b>23,102.46</b>	<b>23,102.46</b>
<b>Total Financial Liabilities (a+b)</b>		<b>29,224.20</b>	<b>29,224.20</b>	<b>30,507.02</b>	<b>30,507.02</b>

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, Level 2 and Level 3 during the year.

### C. Fair Value hierarchy:

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

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- 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).
- 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, 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 these risks, which are summarised below.



# Notes to Consolidated Financial Statement

For the year ended March 31, 2023

(All amount in ₹ Lacs, except for share capital note or otherwise stated)

## 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 31<sup>st</sup> March, 2023 and 31<sup>st</sup> March, 2022.

### (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 sensitivity to a reasonably possible change in USD, GBP and EURO exchange rates, with all other variables held constant. The sensitivity analysis includes only outstanding foreign currency denominated monetary items as mentioned 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.

Particulars	As at 31 <sup>st</sup> March, 2023 (Foreign Currency)	As at 31 <sup>st</sup> March, 2023 (₹ Value)	Currency	Increase/ Decrease in rate	Impact on profit before tax (Decrease in rate)	Impact on profit before tax (Increase in rate)
Trade Receivables	11,71,383	961.86	USD	5%	48.09	(48.09)
Trade Receivables	44,20,870	3,946.76	EURO	5%	197.34	(197.34)
Trade Receivables	4,94,000	501.70	GBP	5%	25.09	(25.09)
Capital Creditors	27,940	24.94	EURO	5%	(1.25)	1.25
Capital Creditors	10,000	8.21	USD	5%	(0.41)	0.41
Borrowings	64,94,269	5,797.82	EURO	5%	(289.89)	289.89

Particulars	As at 31 <sup>st</sup> March, 2022 (Foreign Currency)	As at 31 <sup>st</sup> 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	7,91,420	600.69	USD	5%	30.03	(30.03)
Trade Receivables	28,49,635	2,378.88	EURO	5%	118.94	(118.94)
Trade Payable	2,618	1.99	USD	5%	(0.10)	0.10
Capital Creditors	8,22,000	686.21	EURO	5%	(34.31)	34.31
Capital Creditors	2,23,000	222.45	GBP	5%	(11.12)	11.12
Capital Creditors	2,000	1.28	USD	5%	(0.06)	0.06
Borrowings	58,14,000	4,853.56	EURO	5%	(242.68)	242.68

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:

Particulars	Currency	As at March 31, 2023		As at March 31, 2022	
		Foreign Currency	₹	Foreign Currency	₹
Receivables (Forwards contracts sell)	USD	10,88,000	893.48	12,00,000	910.80
Receivables (Forwards contracts sell)*	EURO	2,47,50,000	22096.80	9,00,000	757.98

\* Forward Contracts are against long term contracts with the customers which are booked upto Dec 2026

# Notes to Consolidated Financial Statement

For the year ended March 31, 2023

(All amount in ₹ Lacs, except for share capital note or otherwise stated)

## Summary of exchange difference accounted in Statement of profit and loss:

Currency fluctuations	For the Year ended 31 <sup>st</sup> March, 2023	For the Year ended 31 <sup>st</sup> March, 2022
Net foreign exchange (gain) shown as operating expenses	(454.64)	(445.46)
Net foreign exchange losses shown as operating expenses	-	-
<b>Net foreign exchange(gain)/losses shown as operating expenses</b>	<b>(454.64)</b>	<b>(445.46)</b>

The following exchange rates have been applied as at end of the year.

Particulars	Year end spot rate	
	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
USD	82.11	75.90
EUR	89.27	84.22
GBP	101.56	99.75

### (ii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company is exposed to interest rate risk on short-term and long-term floating rate instruments. The borrowings of the Company are principally denominated in Indian Rupees with a mix of fixed and floating rates of interest. The Company has a policy of selectively using interest rate swaps and other derivative instruments to manage its exposure to interest rate movements. These exposures are reviewed by appropriate levels of management on a regular basis. The exposure of company's borrowing to interest rate changes as reported to the management at the end of reporting period are as follows:

Particulars	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
Fixed Rate borrowings	-	-
Floating Rate borrowings (Refer Note 14)	21,851.61	24,035.22

#### Interest rate sensitivity analysis

A reasonably possible change of 0.50% in interest rates at the reporting date would have affected the profit or loan by the amounts shown below. This analysis has been determined based on the exposure to interest rates for floating rate liabilities assuming the amount of liability outstanding on the year end was outstanding for the whole year.

Particulars	Profit/(Loss) before tax	
	Strengthening	Weakening
<b>For the year ended 31<sup>st</sup> March, 2023</b>		
Interest rate (0.5% Movement)	(109.26)	109.26
<b>For the year ended 31<sup>st</sup> March, 2022</b>		
Interest rate (0.5% Movement)	(120.18)	120.18

### (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.

### (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 at fair value was Nil (31.03.2022 ₹ 41.20 Lacs).

# Notes to Consolidated Financial Statement

For the year ended March 31, 2023

(All amount in ₹ Lacs, except for share capital note or otherwise stated)

## 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 subject to the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed 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. 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.

The movement in allowance for impairment in respect of trade receivables is as follows:

Particulars	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
<b>Balance at the beginning of the year</b>	148.81	143.00
Provision created during the year	-	5.81
Provision utilised/(reversed) during the year	(7.27)	-
<b>Balance at the end of the year</b>	<b>141.54</b>	<b>148.81</b>

The movement in the allowance for bad and doubtful other assets is as follows:

Particulars	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
<b>Balance at the beginning of the year</b>	499.90	507.64
Provision created during the year	25.70	-
Provision utilised/(reversed) during the year	-	(7.74)
<b>Balance at the end of the year</b>	<b>525.60</b>	<b>499.90</b>

### 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.

Management manages the liquidity risk by monitoring cash flow forecasts on a periodic basis and maturity profiles of financial assets and liabilities. This monitoring takes into account the accessibility of cash and cash equivalents and additional undrawn financing facilities. The Company will continue to consider various borrowings options to maximise liquidity and supplement cash requirements as necessary. 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. As at 31<sup>st</sup> March, 2023, the Company has available ₹ 39,721.40 Lacs (31<sup>st</sup> March, 2022: ₹ 28,633.10 Lacs) in form of undrawn committed borrowing limits.

## C. Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial assets. The Company's approach to manage liquidity is to have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed circumstances, without incurring unacceptable losses or risking damage to the Company's reputation.

# Notes to Consolidated Financial Statement

For the year ended March 31, 2023

(All amount in ₹ Lacs, except for share capital note or otherwise stated)

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

Particulars	Less than 1 Year	1 to 5 years	> 5 years	Total
<b>As at 31<sup>st</sup> March, 2023</b>				
Borrowings *	16,627.39	6,489.30	-	23,116.69
Other financial liabilities (Refer note 18)	2,194.50	404.31	-	2,598.81
Trade Payable (Refer note 17)	4,773.79	-	-	4,773.79
	<b>23,595.68</b>	<b>6,893.61</b>	<b>-</b>	<b>30,489.28</b>
<b>As at 31<sup>st</sup> March, 2022</b>				
Borrowings *	17,219.92	8,325.41	-	25,545.33
Other financial liabilities (Refer note 18)	2,048.68	-	-	2,048.68
Trade Payable (Refer note 17)	4,423.12	-	-	4,423.12
	<b>23,691.72</b>	<b>8,325.41</b>	<b>-</b>	<b>32,017.13</b>

\* includes interest on future obligations

## 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.

Particulars	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
Borrowings (Refer note 14)	21,851.61	24,035.22
Less: Cash & cash equivalents (Refer note 10)	(1.31)	(2.02)
Less: Other bank balance (Refer note 11)	(32.83)	(143.96)
<b>Net debt</b>	<b>21,817.47</b>	<b>23,889.24</b>
Total capital	98,829.66	78,761.62
<b>Capital and net debt</b>	<b>1,20,647.13</b>	<b>1,02,650.86</b>
Gearing ratio	18.08%	23.27%

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. Any breach in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current year.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31<sup>st</sup> March, 2023 and 31<sup>st</sup> March, 2022.

## 39. Recognition of Government Grants

- a) Under Invest Punjab scheme, the Company is eligible for various incentives like 100% exemption of electricity duty and Infrastructure development fund and Net SGST Incentive calculated based on GST deposited and applicable GST Rate, 100% exemption/refund of stamp duty and CLU fees and 50% exemption of property tax.

During the current year the Company has recognised government grant in relation to exemption of electricity duty and Infrastructure development fund amounting to ₹ 343.18 Lacs (31<sup>st</sup> March, 2022: ₹ 314.89 Lacs). The grant amount is netted from the Power & fuel Expenses under other expenses. As on 31<sup>st</sup> March, 2023, ₹ 15.59



# Notes to Consolidated Financial Statement

For the year ended March 31, 2023

(All amount in ₹ Lacs, except for share capital note or otherwise stated)

Lacs (31<sup>st</sup> March, 2022: ₹ 159.26 Lacs) of grant amount is receivable under this scheme.

Also, during the current year, the Company has recognised government grant in relation to refund of eligible Net SGST Incentive calculated based on GST paid on eligible sales amounting to ₹ 3,235.65 Lacs (31<sup>st</sup> March, 2022: Nil) under other operating revenue. This amount includes grant related to earlier years sales amounting to ₹ 1,384.51 Lacs which was not recognised earlier as the Company did not have reasonable assurance for its ultimate realisation at that point. As on 31<sup>st</sup> March, 2023, ₹ 2,244.09 Lacs of grant amount is receivable under this scheme.

- b) The Company has recognised export incentives under the Duty drawback Scheme and Remission of Duties or Taxes on Export of Products Scheme (RoDTEP) aggregating to ₹ 323.56 Lacs (31<sup>st</sup> March, 2022: ₹ 194.74 Lacs). The amount of incentive recognised has been disclosed as other operating revenue.

## 40. Hedging activities and derivatives

### a) Derivatives not designated as hedging instruments

The Company uses foreign exchange forward contracts to manage its exposure to risks associated with foreign currency. These derivative contracts are not designated as hedging instrument in cash flow hedge and are entered into for periods consistent with foreign currency exposure of the underlying transactions, generally from one to twelve months.

### b) Derivatives designated as hedging instruments

Foreign exchange forward contracts measured at fair value through OCI are designated as hedging instruments in cash flow hedges of forecast sales in EURO; and thereafter as a fair value hedge for the resulting receivables. These forecast transactions are highly probable.

The foreign exchange forward contract balances vary with the level of expected foreign currency sales and changes in foreign exchange forward rates.

The fair value of derivative financial instruments is as follows:

Particulars	Asset		Liabilities	
	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
a) Fair value of foreign currency forward exchange contract designated as hedging instruments	-	-	1,102.63	-

The critical terms of the foreign currency forward contracts match the terms of the expected highly probable forecast sale transactions. As a result, no hedge effectiveness arise requiring recognition through profit or loss.

The cash flow hedges of the forecasted sale transactions during the year ended 31<sup>st</sup> March, 2023 were assessed to be highly effective and unrealised loss of ₹ 1102.63 Lacs (31<sup>st</sup> March, 2022: Nil), with a deferred tax asset of ₹ 277.51 Lacs (31<sup>st</sup> March, 2022: Nil) relating to the hedging instruments, is included in OCI.

## Valuation Technique

The Company enters into derivative financial instruments with Banks. Foreign exchange forward contracts are valued using valuation techniques, which employs the use of market observable inputs. The most frequently applied valuation techniques include forward pricing models, using present value calculations. Where quoted market prices are not available, fair values are based on management's best estimates, which are arrived at by the reference to market prices.

The following table includes the maturity profile of the foreign exchange derivative as on 31<sup>st</sup> March, 2023 contracts:

Particulars	Maturity								
	Less than 1 month	1 to 6 months	6 to 12 months	12 to 18 months	18 to 24 months	24 to 30 months	30 to 36 months	36 to 42 months	42 to 48 months
<b>As at 31<sup>st</sup> March, 2023</b>									
<b>Foreign exchange derivative contracts (highly probable forecast sales)</b>									
Notional amount (in EURO)	-	-	27,50,000	33,50,000	33,00,000	33,00,000	33,00,000	33,00,000	16,50,000
Average forward rate (EURO/INR)	-	-	86.48	87.98	89.74	91.70	93.80	96.00	97.72
									91.59

# Notes to Consolidated Financial Statement

For the year ended March 31, 2023

(All amount in ₹ Lacs, except for share capital note or otherwise stated)

The impact of the hedging instruments on the balance sheet is as follows:

Particulars	Notional Amount (EURO)	Carrying Amount (₹)	Line item in the statement of financial position	Change in fair value used for measuring ineffectiveness for the year
<b>As at 31<sup>st</sup> March, 2023</b>				
Foreign exchange derivative contracts(in EURO) of exports	2,09,50,000	1,102.63	Other current financial liabilities	1,102.63

The effect of the cash flow hedge in the statement of profit or loss and other comprehensive income is, as follows:

Particulars	Total hedging gain/(loss) recognised in OCI	Ineffectiveness recognised in profit or loss	Line item in the statement of profit or loss	Amount reclassified from OCI to profit or loss (Amount transferred from OCI TO P&L)	Line item in the statement of profit or loss
<b>For the year ended 31<sup>st</sup> March, 2023</b>					
Highly probable forecast sales	(1,232.94)	-	-	130.31	Sale of finished goods

## Impact of hedging on equity

Set out below is the reconciliation of each component of equity and the analysis of other comprehensive income:

Particulars	Cash Flow Hedge Reserve	Tax Amount	Movement net of Tax
As at 31 <sup>st</sup> March, 2022	-	-	-
Effective portion of changes in fair value arising from Foreign exchange forward contracts	(1,232.94)	(310.31)	(922.63)
Amount reclassified to profit or loss	130.31	32.80	97.51
<b>As at 31<sup>st</sup> March, 2023</b>	<b>(1,102.63)</b>	<b>(277.51)</b>	<b>(825.12)</b>

## 41. Ratio Analysis and its elements

Ratio	Numerator	Denominator	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022	% Change	Reason for variance
Current Ratio	Current Assets	Current Liabilities	1.91	1.73	10.04	Not Applicable
Debt Equity Ratio	Total Debt	Shareholder's equity	0.22	0.31	(27.55)	Improvement is due to Increase in profits and reduction in loans
Debt Service Coverage Ratio	Earnings for debt service=Net profit after taxes + Depreciation expense + Finance cost	Debt service= Interest & lease payments+ principal repayments on long term borrowings	14.37	19.14	(24.94)	Due to increased loan instalment and Interest cost
Return on Equity Ratio	Net profit after taxes	Average shareholder's equity	23.50%	19.86%	18.34	Not Applicable
Inventory Turnover Ratio	Cost of goods sold	Average inventory	3.12	2.54	22.61	Not Applicable
Trade Receivable Turnover Ratio	Net sales = Gross sales - sales return	Average trade receivable	4.38	4.43	(1.02)	Not Applicable
Trade Payable Turnover Ratio	Net purchases = Gross purchases -purchase return	Average trade payable	13.78	12.90	6.80	Not Applicable
Net Capital Turnover Ratio	Net Sales = Total sales - sales return	Working Capital=current assets-current liabilities	4.99	4.77	4.49	Not Applicable

## Notes to Consolidated Financial Statement

For the year ended March 31, 2023

(All amount in ₹ Lacs, except for share capital note or otherwise stated)

Ratio	Numerator	Denominator	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022	% Change	Reason for variance
Net Profit Ratio	Net Profit	Revenue from Operations	17.44%	16.54%	5.43	Not Applicable
Return on Capital Employed	Earning before interest and taxes	Capital Employed=Total Equity + Total Debt	24.24%	19.38%	25.07	Increase in revenue with optimisation sales mix alongwith increased scale of operation and optimum capacity utilisation
Return on investment	Income from Investment	Average Investment	4.32%	-	100%	Investment sold during the current year.

### 42. Reconciliation of movement of liabilities to cash flows arising from financing activities

#### Financing activities

##### Borrowings

Particulars	Opening balance 1 <sup>st</sup> April, 2022	Expense	Cash flows	Non-cash transactions		Closing balance 31 <sup>st</sup> March, 2023
				Processing cost	Fair value changes	
Non Current borrowings (including current maturity)	7,871.31		215.14	-	331.16	8,417.61
Short term borrowings	16,163.91		(2,729.91)	-	-	13,434.00
Interest Expense	91.23	1,247.58	(1,186.18)			152.62
<b>Total Liabilities from financing activities</b>	<b>24,126.45</b>	<b>1,247.58</b>	<b>(3,700.95)</b>	<b>-</b>	<b>331.16</b>	<b>22,004.23</b>

Particulars	Opening balance 1 <sup>st</sup> April, 2021	Expense	Cash flows	Non-cash transactions		Closing balance 31 <sup>st</sup> March, 2022
				Processing cost	Fair value changes	
Non Current borrowings (including current maturity)	3,364.79		4,764.53	-	(258.01)	7,871.31
Expense Incurred on increase in authorised share capital	-	15.02	(15.02)			-
Interest Expense	54.60	715.88	(679.24)			91.24
Short term borrowings	11,982.24		4,181.67	-	-	16,163.91
<b>Total Liabilities from financing activities</b>	<b>15,401.63</b>	<b>730.90</b>	<b>8,251.94</b>	<b>-</b>	<b>(258.01)</b>	<b>24,126.46</b>

## Notes to Consolidated Financial Statement

For the year ended March 31, 2023

(All amount in ₹ Lacs, except for share capital note or otherwise stated)

### 43. Investment in Joint Venture

- a) The Company had made following investment in Joint Venture Company during the FY 2021-22 and has shareholding as at 31<sup>st</sup> March, 2023 and 31<sup>st</sup> March, 202 is as follows:

Name of the Company	Principal activities	Country of incorporation	% equity interest	
			As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
Linchpin Technologies Private Limited	Consultancy	India	-	33.33%

The Company has acquired 33.33% interest in Linchpin Technologies Private Limited on 8<sup>th</sup> January, 2022, 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:

Particulars	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
Current assets, including cash and cash equivalents ₹ 10.07 Lacs (31 <sup>st</sup> March, 2022: ₹ 24.01 Lacs)	20.00	34.22
Non-current assets	113.31	98.48
Current liabilities including tax payable ₹ 1.21 Lacs (31 <sup>st</sup> March, 2022: ₹ 1.99 Lacs)	(1.38)	(2.19)
Equity	131.93	130.51
Proportion of the Parent Company's ownership	0.00%	33.33%
Fair value of the investment	-	43.50

#### Summarised statement of profit and loss of the Linchpin Technologies Private Limited

Particulars	For the year ended 31 <sup>st</sup> March, 2023	For the year ended 31 <sup>st</sup> March, 2022
Revenue	5.70	8.44
Other expense	(3.06)	(0.81)
<b>Profit/(loss) before tax</b>	<b>2.64</b>	<b>7.63</b>
Income tax (expense)/credit	(1.21)	(1.99)
<b>Profit/(loss) for the year</b>	<b>1.43</b>	<b>5.64</b>
<b>Total comprehensive income/(loss) for the year</b>	<b>1.43</b>	<b>5.64</b>
<b>The Parent Company's share of profit/(loss) for the year*</b>	<b>0.48</b>	<b>0.47</b>

\* During the year ended 31<sup>st</sup> March, 2022, the Company has acquired 33.33% shares in Linchpin Technologies Private Limited on 8<sup>th</sup> January, 2022. The Company's share in the year's profit of the joint venture partner has accordingly been prorated for the post acquisition % share of Company. During the year ended 31<sup>st</sup> March, 2023, the investment in Joint venture has been sold by the Company.

The joint venture has contingent liabilities or capital commitments worth Nil outstanding as at 31<sup>st</sup> March, 2023 (31<sup>st</sup> March, 2022: Nil).



# Notes to Consolidated Financial Statement

For the year ended March 31, 2023

(All amount in ₹ Lacs, except for share capital note or otherwise stated)

## 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 31 <sup>st</sup> March, 2023	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 31 <sup>st</sup> March, 2023		For the year ended 31 <sup>st</sup> March, 2023					
			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%	98,829.66	100.00%	20,869.44	100.00%	(801.88)	100.00%	20,067.57
Joint Venture										
Linchpin Technologies Private Limited	India	-	NA	NA	0.00%	0.48	0.00%	-	0.00%	0.48
Total				98,829.66		20,869.92		(801.88)		20,068.05

S. No.	Country of Incorporation	Percentage holding as at 31 <sup>st</sup> 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 31 <sup>st</sup> March, 2022		For the year ended 31 <sup>st</sup> 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%	78,761.62	100.00%	14,228.02	100.00%	32.51	100.00%	14,260.53
Joint Venture										
Linchpin Technologies Private Limited	India	33.33%	NA	NA	0.00%	0.47	-	-	0.00%	0.47
Total			78,761.62		14,228.49		32.51		14,261.00	

## 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.
- (viii) The Company is not declared as wilful defaulter by any bank or financial institution.

# Notes to Consolidated Financial Statement

For the year ended March 31, 2023

(All amount in ₹ Lacs, except for share capital note or otherwise stated)

## 46. Employee Stock Option Scheme

The Company has an Employee Stock Option (ESOP) Scheme which was passed by the Board of directors in their meeting held on 12<sup>th</sup> February, 2022 and approved by the shareholders in their meeting held on 14<sup>th</sup> February, 2022. As on 31<sup>st</sup> March, 2023, no shares were granted under this scheme.

Subsequent to the year end, the Company has approved a new ESOP scheme which was passed by the Board of Directors in their meeting held on 31<sup>st</sup> July, 2023.

## 47. Events after reporting date:

The board of directors have proposed dividend after the balance sheet date which are subject to approval by the shareholders at the Annual General Meeting. Refer note 13 for details. There are no other events occurred after the reporting period which may impact the financial position as on 31<sup>st</sup> March, 2023.

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: Gurugram

Date: August 08, 2023

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

Place: Ludhiana

Date: August 08, 2023

**(Bindu Garg)**

Company Secretary

Membership No. 6997

Place: Ludhiana

Date: August 08, 2023

## Notes

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HAPPY FORGINGS LIMITED

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