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# MANGAL
INDUSTRIES LIMITED

# ACCELERATING GROWTH ENGINES

ANNUAL REPORT
2020-21

# MANGAL INDUSTRIES LIMITED – ANNUAL REPORT 2020-21

## CORPORATE INFORMATION

**BOARD OF DIRECTORS :**

**Dr.Ramachandra N Galla**
Chairman (Upto May 26, 2021)

**Mr.Jayadev Galla** Chairman (w.e.f. May 26, 2021)
(Vice-Chairman upto May 26, 2021)

**Harshavardhana Gourineni**
MD & CEO (upto June 11, 2021)
Director (w.e.f. June 11, 2021)

**Padmavathi Galla**
Director

**Ashok Galla**
Director

**I. B. K. Murthy**
Independent Director

**C. Prasanth**
Independent Director

**Chief Financial Officer**
G.Satish Kumar

**Company Secretary**
P. Ravi Kumar

**Manager**
N.A. Sudhakar (w.e.f. June 11, 2021)

**Bankers**
State Bank of India
Union Bank of India
Citibank N.A
ICICI Bank Ltd

**Registered office**
Renigunta – Cuddapah Road
Karakambadi – 517 520,
Tirupati, Andhra Pradesh.
Tel: 91 877 226 5000.
Fax: 91 877 228 5600

**CIN: U15122AP1990PLC011932**
**Corporate Operations Office**
Terminal A,
1-18/1/AMR/NR,
Nanakramguda, Gachibowli,
Hyderabad -500 032.

**Statutory Auditors**
M/s. Brahmayya & Co.
Chartered Accountants
D. No. 33-25-33/B, Govindarajulu Naidu Street
Suryaraopet, Vijayawada - 520 002

**Secretarial Auditors**
V Suresh
Practising Company Secretaries
#28, Ganapathy Colony III Street
Teynampet, Chennai -600 018

**Cost Auditors**
M/s. Vadlamudi & Associates
Cost Accountants
D.No-19-13-13/1-20A,
Narayanapuram, Tiruchanoor, Tirupati- 517501

**Internal Auditors**
M/s. Sagar & Associates,
Chartered Accountants
H.No:6-3-244/5, Sarada Devi Street
Prem Nagar, Hyderabad- 500 004.

**Registrars and Share Transfer Agents**
M/s. Cameo Corporate Services Limited
Subramanian Building
No.1, Club House Road,
Chennai - 600 002
Tel: 91 44 2846 0390
Fax: 91 44 2846 0129
E-mail: investor@cameoindia.com

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# NOTICE OF THE ANNUAL GENERAL MEETING

To the Members of
**Mangal Industries Limited**

Notice is hereby given that the 30th Annual General Meeting ("AGM") of the members of Mangal Industries Limited will be held on Tuesday, August 24, 2021 at 11:00 am at the Registered Office of the Company at Renigunta – Cuddapah Road, Karakambadi, Tirupati, Andhra Pradesh - 517520 to transact the following business:

**ORDINARY BUSINESS:**

1. To consider and adopt the audited financial statements of the Company for the financial year ended March 31, 2021 and the reports of the Board of Directors and Auditors thereon.

2. To declare a final dividend of ₹ 6.10/- per equity share for the year ended March 31, 2021.

3. To appoint a director in place of Mrs. Padmavathi Galla (DIN: 00143767), who retires by rotation and being eligible offer herself for re-appointment.

4. To re-appoint the statutory auditors for the second term of 5 years and this regard, to consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

   "RESOLVED that pursuant to Section 139 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 as amended from time to time ("Act"), M/s. Brahmayya & Co., Chartered Accountants, Firm Registration No. 000513S be and is hereby appointed as the statutory auditors of the Company for a second term of 5 (five) years to hold office from the conclusion of this 30th annual general meeting until the conclusion of the 35th annual general meeting of the Company.

   RESOLVED FURTHER that approval be and is hereby accorded for payment of statutory audit fees of ₹ 6,00,000 (Rupees Six lakhs only) plus reimbursement of out of pocket expenses and applicable taxes to M/s. Brahmayya & Co., Chartered Accountants, for the financial year 2021- 22 and the Board of Directors of the Company be and they are hereby authorised to increase and pay such statutory audit fees as recommended by the Audit Committee and as they may deem fit for the remaining tenure of their appointment."

**SPECIAL BUSINESS:**

5. To ratify the remuneration of the Cost Auditors for the financial year 2021-22 and this regard, to consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

   "RESOLVED that pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), the remuneration payable to M/s. Vadlamudi & Associates, Cost Accountants (Firm Registration No. 001717), appointed by the Board of Directors as Cost Auditors to conduct the audit of the cost records of the Company for the financial year 2021-22, at a remuneration of ₹ 2,50,000 /-(Rupees two lakhs fifty thousand only) as also the payment of service tax as applicable and re-imbursement of out of pocket expenses incurred in connection with the aforesaid audit, be and is hereby ratified."

   "RESOLVED FURTHER that the Board of Directors or Key Managerial Personnel of the Company be and is hereby severally authorised to do all acts and to take all steps as may be necessary, proper or expedient to give effect to this resolution."

6. To appoint Mr.N.A.Sudhakar as "Manager" of the Company and this regard, to consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

   "RESOLVED that pursuant to the provisions of Sections 196, 197, 203 and other applicable provisions, if any, of the Companies Act, 2013 (the Act) read with Schedule V to the Act and the Rules made thereunder, as amended from time to time, approval of the Members of the Company be and hereby accorded for appointment of Mr.N.A.Sudhakar, as 'Manager' (Key Managerial Personnel) of the company for a period of 5 years effective from 11.06.2021 and ending on 10.06.2026.

   RESOLVED FURTHER that Mr.N.A.Sudhakar be paid the following managerial remuneration within the overall limit specified under section 197, from the date of his appointment w.e.f 11.06.2021 and ending on 10.06.2026.

Remuneration :

| | |
|---|---|
| Salary | Basic Salary of ₹ 38,08,610 /- per annum along with the annual increment, if any; as may be decided by the Board of Directors from time to time. |
| Perquisites such as House maintenance, medical for self and family, electricity, gas, water charges, leave travel allowance etc | ₹ 39,600 /- per annum and other perquisites, if any; as may be decided by the Board of Directors from time to time and in accordance with the rules of the company. |
| Performance Incentive/ VPP | Such amount as may be approved by the Board or Nomination and remuneration committee of the Board based on the company performance and individual performance for each of the year. |
| Special allowance or any other allowances | In accordance with the rules of the company. |

**Other Benefits:**

a. Contribution to provident fund on salary at the rate in accordance with the rules of the company.

b. Gratuity on salary in accordance with rules of the company.

c. Encashment of leave as per the rules of the company.

d. Provisions for telephone and other communication facilities at residence for official purpose.

RESOLVED FURTHER THAT the duties of the 'Manager' so appointed above shall be the overall supervision of the functioning and manage affairs of the company under the superintendence and control of the Board of Directors and to perform all other duties that the Board may delegate to the 'Manager' from time to time.

RESOLVED FURTHER THAT wherein any financial year, during the currency of his tenure, the company has no profits, or its profits are inadequate, it may pay him remuneration by way of salary, allowance and perquisites not exceeding the limits specified in Part II of section II of Schedule V to the Companies Act 2013 or such other limits as may be prescribed by the Government from time to time as minimum remuneration.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to vary, alter or modify the different component of the aforesaid remuneration within the overall limit specified under Section 197 read with Schedule V of the Companies Act, 2013 as may be agreed to by the Board of Directors and Mr. N. A.Sudhakar

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby severally authorized to do all such acts, deeds and things, to enter into such agreement(s), deed(s) of amendment(s) or any such document(s), consider necessary, proper, expedient or incidental for the purpose of giving effect to this resolution."

**Corporate Identification Number (CIN) :**
U15122AP1990PLC011932

**Registered Office**
Renigunta-Cuddapah Road,
Karakamabadi, Tirupati-517520
Andhra Pradesh.
Tel : 91(877)2265000, Fax : 91(877) 2285600
Website : http://www.mangalltd.com/

May 25, 2021

By order of the Board
**For Mangal Industries Limited**

**P. Ravi Kumar**
Company Secretary

## NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON POLL INSTEAD OF HIMSELF/ HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. Pursuant to Section 105(1) of the Companies Act, 2013, read with Rule 19 of Companies (Management and Administration) Rules, 2014 a person can act as a proxy on behalf of Members not exceeding 50(fifty) in number and holding in aggregate not more than 10(ten) percent of the total share capital of the Company carrying voting rights. In the case of a Member holding more than 10(ten) percent of the total share capital of the Company carrying voting rights, may appoint a single person as proxy and such a person shall not act as a proxy for any other person or shareholder. The holder of proxy shall prove his identity at the time of attending the meeting.

2. Proxy form duly stamped and executed in order to be effective, must reach the registered office of the Company not less than 48 hours before the time of commencement of the Annual General Meeting. Proxy form for the AGM is enclosed. The Members/Representative/ Proxy(s) are requested to bring attendance slip, as enclosed, duly filled in, together with their copy of the notice convening the Annual General Meeting.

3. The explanatory statement pursuant to Section 102(1) of the Companies Act, 2013, which sets out details relating to the special business to be transacted at the meeting is annexed hereto.

4. Corporate members intending to send their authorized representatives to attend the meeting are requested to send to the Company a certified copy of the Board resolution pursuant to Section 113 of the Companies Act, 2013 authorizing their representative to attend and vote on their behalf at the meeting.

5. Brief profile of Mrs. Padmavathi Galla, Director proposed to be appointed/re-appointed along with the names of the companies in which they hold directorships and memberships/ chairmanships of Board, Committees, shareholding and other details as required under Secretarial Standard-2 are furnished herein as Annexure I and forms part of the notice.

6. Members may note that Board at its meeting held on May 25, 2021 has recommended a final dividend of ₹ 6.10/- per share. The record date is July 31, 2021 for the purpose of determining the entitlement of member to the dividend for the financial year 2020-21, if declared at the meeting.

7. The registers i.e Register of Directors and Key Managerial Personnel and Register of Contracts or Arrangements maintained under Section 170 and Section 189 of the Companies Act, 2013 will be available for inspection to the members at the meeting.

8. The copies of the Annual Report 2020-21 including the notice of the 30th Annual General Meeting of the Company are being sent by electronic mode to all the members whose e-mail address are registered with the Company/Depositories for communication purposes. For members who have not registered their e-mail address, the aforesaid documents are being sent in the permitted mode.

9. Members may also note that the notice of the 30th annual general meeting and the Annual Report 2020-21 shall be placed on the Company's website www.manglltd.com. The physical copies will also be available at the registered office of the Company for inspection during normal business hours on working days.

10. Members seeking any information with regard to the financial statements are requested to write to the Company atleast 7 days before the meeting so as to enable the management to keep the information ready at the meeting.

11. The physical copies will also be available at the registered office of the Company for inspection during normal business hours on working days.

## Statement as required under Section 102(1) of the Companies Act, 2013

The explanatory statement pursuant to Section 102 of the Companies Act, 2013, which sets out the details relating to Special Business at the meeting is annexed hereto and shall be taken as forming part of this Notice.

**Item No. 5**

The Board of Directors of the Company at their meeting held on 25.05.2021, on the recommendation of the Audit Committee, approved the appointment of M/s. Vadlamudi & Associates, Cost Accountants, Tirupati (Firm Registration No. 001717), to conduct the audit of the cost records of the Company for the financial year 2021-22 on a remuneration of ₹ 2,50,000 /-(Rupees two lakhs fifty thousand only) plus reimbursement of out of pocket expenses and applicable taxes.

Pursuant to the provisions of Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 consent of the members sought by way of an ordinary resolution as setout at item.no.5 of the notice ratifying the remuneration payable to the Cost Auditors for the Financial Year 2021-22.

None of the Directors or KMP are interested in the aforesaid resolution.

**Item No. 6**

Mr. N. A. Sudhakar was appointed as the 'Manager' of the Company by the Board of Directors in their meeting held on 25th May 2021 for a period of five years 11.06.2021 and ending on 10.06.2026 under Section 203 (1) of the Companies Act, 2013 on the terms of remuneration as mentioned in the resolution, subject to the approval of the members.

The Company has received from Mr. N. A. Sudhakar the requisite consent/declarations pursuant to the provisions of the Act. A brief resume of Mr. N. A. Sudhakar, as required under Secretarial Standard-2, forms part of this Notice as Annexure I.

A copy of the draft Agreement to be entered into with the 'Manager' is available at the Registered Office of the Company and is open for inspection in physical or in electronic form by the members during the specified business hours on any working day, and the copies thereof shall also be made available for physical or electronic form at the Registered office the Company and also at the meeting.

None of the Directors or other Key Managerial Personnel or Mr.N.A.Sudhakar or their relatives of the Company are in any way, concerned or interested financially or otherwise, in the resolution as set out at item No. 6 of the Notice.

**Corporate Identification Number (CIN) :**
U15122AP1990PLC011932

**Registered Office**
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Karakamabadi, Tirupati-517520
Andhra Pradesh.
Tel : 91(877)2265000, Fax : 91(877) 2285600
Website : http://www.mangalltd.com/

May 25, 2021

By order of the Board
**For Mangal Industries Limited**

**P. Ravi Kumar**
Company Secretary

## BRIEF PARTICULARS OF THE DIRECTOR/MANAGER PROPOSED FOR APPOINTMENT/ RE-APPOINTMENT AT THE ANNUAL GENERAL MEETING AND OTHER DETAILS PURSUANT TO SECRETARIAL STANDARD -2.

| **Name of the Director** | **Mrs. Padmavathi Galla** |
|---|---|
| Director Identification Number (DIN) | 00143767 |
| Date of birth | 06/09/1967 |
| Date of appointment | 06/01/2018 |
| Qualification | Bachelors' degree in Arts |
| Experience & Expertise in specific functional area | Mrs. Padmavathi Galla has graduated in Bachelors' degree in Arts, University of Madras, Tamil Nadu, India. Mrs. Padmavathi Galla, wife of Mr. Jayadev Galla, is the Director of the Company, she is ably supported and mentored by Dr. Ramachandra N Galla, Mr. Jayadev Galla and the Board of Directors. Previously Mrs.Padmavathi Galla holds Managing Directorship position till March 31, 2017 for Mangal Industries Limited. Mrs.Padmavathi Galla also holds Directorship in RNGalla Family Private Limited, Amara Raja Infra Private Limited and Amara Raja Media and Entertainment Private Limited. |
| Terms & Conditions of Appointment or re-appointment | As per Company's Policy on Appointment of Board Members. |
| Shareholding in the Company as on 31.03.2021 | Nil * (* Equity shares of 1,01,907 face value of ₹ 100/-each held through RNGalla Family Private Limited - Holding Company). |
| Relationship with other directors and KMPs of the Company | Dr. Ramachandra N Galla, Chairman (Father-in-law), Mr. Jayadev Galla, Vice Chairman (Spouse), Mr. Ashok Galla, Director (Son), Mr. Harshavardhana Gourineni, MD &CEO (Nephew) |
| No. of Meetings of the Board attended during the year | Please refer to Directors report |
| List of Companies* in which outside directorship held | Amara Raja Infra Private Limited,<br>Amara Raja Media And Entertainment Private Limited |
| Chairman/Member of the Committees* of Board of Directors of Indian Companies | Nil |

# BRIEF PARTICULARS OF THE DIRECTOR/MANAGER PROPOSED FOR APPOINTMENT/ RE-APPOINTMENT AT THE ANNUAL GENERAL MEETING AND OTHER DETAILS PURSUANT TO SECRETARIAL STANDARD -2.

| **Name of the Manager** | **Mr. N. A .Sudhakar** |
|---|---|
| Director Identification Number (DIN) | Nil |
| Date of birth | 25/06/1966 |
| Date of appointment | Effective from 11/06/2021 |
| Qualification | BE. Mechanical engineering |
| Experience & Expertise in specific functional area | Mr.N.A.Sudhakar having rich experience across various function in the manufacturing industry, 19 years in senior management. Mr.N.A .Sudhakar have led and executed engagements with key global stake holders including customers, suppliers and technology partners across USA, Canada, Europe & Japan. Significant exposure and experience in automobile components, Sheet metal, Machine building, Material handling equipment & textile printing equipment manufacturing and Light & heavy fabrication. Mr.N.A.Sudhakar Prior to Mangal industries limited he worked with Faurecia automotive seating India private limited Bangalore, Webb India private limited, Bangalore, Stovec industries limited, Ahmedabad, Harsha engineers limited Ahmedabad. |
| Terms & Conditions of Appointment or re-appointment | As per the Company's Policy. |
| Shareholding in the Company as on 31.03.2021 | Nil |
| Relationship with other directors and KMPs of the Company | Not applicable |
| No. of Meetings of the Board attended during the year | Not applicable |
| List of Companies* in which outside directorship held | Not applicable |
| Chairman/Member of the Committees* of Board of Directors of Indian Companies | Not applicable |

# DIRECTORS' REPORT 2020-21

To
The Members of
**Mangal Industries Limited**

Your Board of Directors present their report for the financial year ended March 31, 2021.

**1. Financial highlights and performance review:**

The Company's financial performance for the year ended March 31, 2021 is summarized as below:

(₹ in crores)

| Particulars | 2020-21 | 2019-20 |
|---|---|---|
| Revenue from operations | 925.10 | 819.39 |
| Other income | 5.88 | 4.13 |
| **Total income** | **930.98** | **823.52** |
| Profit before tax | 86.10 | 65.44 |
| Less: Tax expense (including deferred tax) | 29.55 | 20.99 |
| **Profit for the year** | 56.55 | 44.45 |
| Total other comprehensive - income/(loss) | (0.53) | (1.18) |
| Total other comprehensive income for the year | 56.02 | 43.28 |

- The Company continued its record clocking highest ever revenue and profit for the financial year 2020-21.
- The Company has recorded 13.05 % growth in revenue. The profit after tax has registered an impressive 27.2% growth compared with the previous financial year. Your Directors have proposed to retain the surplus amount of ₹.56.02 crores in the "Statement of Profit and Loss" and not to transfer to the general reserves.
- Despite headwinds to growth from COVID-19, remarkable performance of all SBU's, consistent business from Amara Raja Batteries Limited and improved performance from BC-SBU & AC-SBU. Further the MF-SBU, SS-SBU and Trading also contributed well for the overall profitability.

**2. Operations and business performance**

**a. The performance of each SBU of your Company is as follows:**

**(i) Battery components (BC) SBU:**

During the year, the BC-SBU processed 32,200 metric tons of raw material and supplied required battery components to Amara Raja Batteries Limited and other key customers; BC continued to export two wheeler bushes to Clarios as per their requirement and stand at 96% supplier rating index. The manufacturing capacities were enhanced by adding new injection molding machine and multi slide pressure die casting machines.

BC-SBU continue to adopt new technologies and best practices at various levels at all manufacturing facilities including Injection molding machines. OEE also improved from 78.4% to 87.7% which had resulted in significant improvement in operations and building efficiencies.

**(ii) Auto Components (AC) SBU:**

During the year AC-SBU has forged 5,300MT of products for its key customers in Automotive, Tractor and Industrial segments. Quarterly targets as committed is exceeded by strong pursuit with OEM customers to increase its share of business and realizing new business opportunities. Two M8 forging machines were added to meet series production requirements of TVS Motors.

AC-SBU initiated various VA-VE activities related to reduction in setup time, eliminate CNC turning, achieve higher machine speed with change in tool design and conversion of non-moving tools for NPD have yielded more savings including manpower cost has been kept under control by optimizing the deployment of manpower to other SBU's during period of weak demand. Cost-effective sources for RM were introduced for better cost control.

Major milestone is business association with Samsung for Injection molded plastics facility was setup at Chennai on fast track with statutory approvals, site audit qualification was completed in the month of march 2021. Operations has been started with the mold trials for "Air conditioners" and "Refrigerator" parts initially, later molds for "LED TV" and "Washing machines" were planned.

**(iii) Metal Fabrications (MF) SBU:**

During the year, MF-SBU processed over 9000MT of steel supplying to diverse sectors such as Power, Telecom, Elevators, Metro Coaches, Energy and Consumer Goods. It has been a challenging year with the pandemic induced disruptions and commodity price increase. Despite that, MF-SBU has managed to match last year's sales and improve on the operational efficiency.

MF-SBU has increased its global footprint by bidding for and winning the annual orders worth ₹ 70 crores from a global MNC. In keeping with international standards MF-SBU itself OSHAS certified and GSV certified (Supply Chain Security).

In order to reduce the carbon footprint every year, MF-SBU replaced its old machinery with more energy efficient and reduced the LPG consumption for heating purposes, by going for heat pumps and implemented motion sensors in machines to reduce the idle time power consumption.

**(iv) Storage Solutions (SS) SBU:**

During the year, SS-SBU processed 4400 MT of steel for customers in diversified industries, ranging from retail, e-commerce to 3PL, F&B, records management, cold storage and manufacturing. It was a challenging year due to pandemic situation with restrictions in operations, interrupted project executions, rising steel prices and the general market slowdown. Focusing on e-commerce, retail and 3PL segments helped SS SBU to compensate for the de-growth in major industrial segments and the SBU was able to achieve same revenue as previous financial year.

SS-SBU further strengthened its collaboration with its automation partners and completed the design, manufacture, supply, and installation of four major seismic ASRS racking projects for e-commerce, F&B, FMCG customers last year. The brand SILVER LINING's relentless focus on value addition with new-age technological solutions has enabled it to add two more automation partners and broadening its solutions portfolio for customers.

**(v) Toolworks (TW) SBU :**

During the year, the TW-SBU enhanced its engineering competency by using NX Mach software, design development of following tools 1) H5 CoS 2) B 24 & 3) T4 Cos tools and completed engineering designs for spine casting tool. Further the TW-SBU received its first middle east export order from Technoplastic Industry, Oman.

**(vi) Trading (TRD) SBU :**

During the year, due to COVID crisis and in order to mitigate, to protect the top line & profitability of the business, the trading division was started by the Mangal Industries Limited. This also was to ensure a mix of businesses viz., manufacturing, solution & trading. Intent was to look at products having low entry barriers with quick turnaround. Identified broad product groups for trading, such as chemicals, pharma, industrial machineries and EV products. Successful in ensuring a turnover of ₹ 50 crores in the inception year for the FY21.

**b. QHSE**

During the year, all the manufacturing plants were re-certified under QMS (ISO 9001 & IATF 16949) and EMS (ISO 14001). MF SBU recertified under EM 15085-2 (Wielding Certification) from DVS, Germany and also certified in ISO 45001:2016 for its occupational health and safety management systems. The second assessment of QMS Maturity were successfully completed in AC PTM and SS SBU's to improve the baseline score. Established QMS documentation in Tool Works and QMS, EMS & OH&S in AC, Chennai Plant. Achieved awards in best safety practicing plants to Battery Components – HO and Storage Solutions in Green & Red category during the "National Safety Day Celebrations".

**c. New initiatives**

- Implementing the Robotic Process Automation (RPA) for minimizing manual works and workflow automation, these initiatives are helping in optimization of manpower and increasing the productivity.
- Implementation of "Total Productive Maintenance" (TPM) concept in Battery components, Auto components SBU at Petamitta location and Storage Solution SBU at Tenepalli location under the guidance and consultation of JMAC, Tokyo. The TPM implementation would help the Company to enhance overall equipment efficiency, maintain the equipment working condition, eliminating breakdowns and improves the manufacturing process.
- ERP software migration successfully completed from Legacy system (Ramco) to SAP S4 HANA.
- Implemented the online monitoring of Machines using "Inter of things" (IoT) at BC SBU, Tool works SBU and steps taken for the implementation in MF SBU.
- Implemented Block chain solution for Tool Life monitoring in AC SBU

d. **Business Outlook :**

After an estimated contraction of –3.3 percent in 2020, the global economy is projected to grow at 6 percent in 2021, moderating to 4.4 percent in 2022.*(source: World Economic Outlook, April 2021, International Monetary Fund), The rolling lockdowns and social distancing restrictions on account of the pandemic are expected to significantly impact economic activity in all major markets, and may cause contraction in demand.

Your Company as an immediate and short-term measure downscaled the current capex investments except for necessary maintenance capex, deferred the major planned initiatives, initiated various cost reduction measures and conserve cash. We expect Q1FY22 to be significantly impacted from both supply side as well as demand side, due to partial lockdown as well as subsequent lower demand as people tackle the second wave pandemic. The turnaround of the situation would depend upon the speed with which the outbreak is contained and economic activity returns to normalcy.

However, the market outlook looks weak, all the SBUs of the Company are making all efforts to achieve targeted revenue for the FY22 with strong recovery plans being worked out and focused efforts will be made with targeted customers and markets for achieving the business goals.

e. **Awards and Accolades:**

During the year under review, the following awards and accolades were received by the Company :

**BC SBU:**

BC PTM1 achieved the “Best QMS Practice Plant” award consecutively for second year in quality month celebrations.

**AC SBU:**

AC SBU achieved “Par Excellence” award from National Convention on Quality Concepts organized by the Quality Circle Forum of India.

**MF SBU:**

MF SBU obtained the “Intertek - Global Security Verification (GSV)” recognition, the GSV recognition helps the importers and suppliers (exporters) to assess their security measures based on international supply chain security requirement which resulted in increased safety assurance, risk control, efficiency, and cost savings for all participants.

**SS SBU:**

Entrepreneurship team from MIL Storage Solutions SBU has won the “Platinum award” in ICQCC’2020 (International convention on Quality control circles) from Bangladesh Society Total Quality Management (BSTQM).

3. **Material changes and commitments affecting the financial position of the company between the end of the financial year and the date of the Report.**

There were no material changes and commitments affecting the financial position of the Company

between the end of the financial year and the date of this report. You are requested to refer to the disclosure in note 40 to the notes on financial statements on disclosure with regard to the impact of the COVID-19 pandemic on the operations and financial position of the Company.

4. **Dividend**

The Directors recommend a dividend of ₹ 6.10/- per equity share of face value of ₹ 10/-(representing 61%) as dividend for the financial year ended March 31, 2021, subject to the approval of members in the ensuing Annual General Meeting.

5. **Directors and Key Managerial Personnel**

In accordance with the provisions of Section 152 of the Companies Act, 2013, Mrs.Padmavathi Galla (DIN: 00143767), is liable to retire by rotation at the ensuing Annual General Meeting and being eligible offer herself for re-appointment.

As on March 31, 2021, Mr.IBK.Murthy and Mr.C.Prasanth are the Independent Directors of the Company appointed pursuant to Section 149 of the Act. They have submitted as declaration confirming that each of them meet with the criteria of independence as prescribed under sub-section (6) of Section 149 of the Act and there has been no change in the circumstances which may affect their status as independent director during the year.

All the independent directors registered themselves in the database maintained with Indian Institute of Corporate Affairs (IICA) and a declaration in this regard was received from each of them. In the opinion of the Board, all the independent directors are persons of integrity and possesses the relevant expertise and experience (including the proficiency) as required under the Act and the Rules made thereunder.

Independent Directors met on February 20, 2021 and reviewed the performance of the Non-Executive Directors and Board as a whole.

Pursuant to the provisions of Section 203 of the Companies Act, 2013, Mr. Harshavardhana Gourineni, MD & CEO, Mr. G. Satish Kumar, Chief Financial Officer and Mr. P. Ravikumar, Company Secretary and Key Managerial Personnel of the Company as at May 25, 2021. There has been no change in Key Managerial Personnel during the financial year 2020-21.

The Board at its meeting held on May 25, 2021 noted that Dr.Ramachandra N Galla, Chairman (DIN : 00133761) tendered his resignation for the Directorship position in Mangal Industries Limited, consequently he relinquished the Chairmanship position of the Board and all the Committees of Directors of the Company w.e.f May 26, 2021.

Further Mr.Harshavardhana Gourineni, MD&CEO (DIN: 07311410) also tendered the MD & CEO position and he placed the letter of relinquishment seeking from MD&CEO position to Non-Executive Director position of the Company w.e.f June 11, 2021 for taking the additional responsibilities of Amara Raja Group. Mr.N.A.Sudhakar, SBU-Head (Battery Components) appointed as “Manager” under Section 203 of the Companies Act, 2013 of the Company w.e.f June 11, 2021.

## 6. AUDITORS

### i. Statutory Auditor and their report

The Auditors Report given by M/s. Brahmayya & Co., Chartered Accountants, Statutory Auditors, on the financial statements of the Company for the year ended March 31, 2021 forms part of the Annual Report. The Auditors’ Report does not contain any qualification, reservation or adverse remark.

M/s. Brahmayya & Co., Chartered Accountants, Vijayawada were appointed as statutory auditors at the Annual General Meeting held on September 2, 2016 for a term of five (5) years from the conclusion of the 25th annual general meeting till the conclusion of 30th annual general meeting.

The Audit Committee and the Board at their meeting held on May 25, 2021 approved the re-appointment of M/s. Brahmayya & Co., Chartered Accountants as the statutory auditors for the second term of five (5) years i.e from conclusion of this 30th annual general meeting till the conclusion of 35th annual general meeting.

The necessary resolution(s) seeking your approval for their appointment as statutory auditors are included in the notice of the ensuing annual general meeting along with brief credentials and other necessary disclosures required under the Act.

### ii. Cost Auditor and their report

The Company is required to maintain cost records for certain products as specified by the Central Government under sub-section (1) of Section 148 of the Act read with the Companies (Cost Records and Audit) Rules as amended from time to time, and accordingly such accounts and records are made and maintained in the prescribed manner. Further, the said cost records are required to be audited and accordingly M/s. Vadlamudi & Associates, Cost Accountants, Tirupati were appointed as cost auditors to audit the cost records for the financial year 2020-21. The cost audit report for FY 2020-21 will be filed with Ministry of Corporate Affairs within the time limits prescribed under the Act.

Based on the recommendation of the Audit Committee, your Board has appointed M/s. Vadlamudi & Associates, Cost Accountants, Tirupati, Cost Accountants, as cost auditors for the financial year 2021-22 to audit the cost records of the Company. Necessary resolution seeking your ratification of their remuneration for the financial year 2021-22 is included in the notice of the ensuing annual general meeting.

### iii. Internal Auditor

As per Section 138 of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014 as amended from time to time, the Company had appointed M/s. Sagar & Associates, Chartered Accountants (Firm registration: 0003510S) as internal auditors for the financial year 2021-22.

### iv. Secretarial Auditor and their report

Pursuant to Section 204 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company had appointed Mr.V.Suresh, Practising Company Secretary (C.P.No-6032) to undertake the secretarial audit of the Company for the financial year 2020-21. The Secretarial Audit Report in Form.no-MR-3 from them is annexed herewith as Annexure I. The Secretarial Auditors’ Report does not contain any qualifications, reservations or adverse remarks. The Company had appointed M/s. V. Suresh Associates as Secretarial Auditor (ICSI Unique Code: P2016TN053700) for the financial year 2021-22.

7. **DIRECTORS RESPONSIBILITY STATEMENT**

   Pursuant to Section 134 of the Companies Act, 2013, the Board of Directors of the Company confirm to the best of their knowledge and belief that in the preparation of the statement of profit and loss for the financial year ended March 31, 2021 and the balance sheet as at that date ("financial statements"):

   i. The applicable accounting standards and Schedule III of the Act have been followed;

   ii. Appropriate accounting policies have been selected and applied consistently and such judgements and estimates that are reasonable and prudent have been made so as to give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit of the Company for that period;

   iii. Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities. To ensure this, the Company has established internal control systems, consistent with its size and nature of operations, subject to the inherent limitations that should be recognised in weighing the assurance provided by any such system of internal controls. These systems are reviewed and updated on an on-going basis. Periodic internal audits are conducted to provide reasonable assurance of compliance with these systems. The audit committee meets at regular intervals to review the internal audit function;

   iv. The financial statements have been prepared on a going concern basis.

   v. The proper internal financial controls are in place and that such internal financial controls were adequate and were operating effectively

   vi. The systems to ensure compliance with the provisions of all applicable laws are in place and were adequate and operating effectively.

8. **INFORMATION AND DISCLOSURES UNDER THE COMPANIES ACT, 2013 AND THE SECRETARIAL STANDARDS NOTIFIED BY THE CENTRAL GOVERNMENT.**

**ANNUAL RETURN**

The Annual Return pursuant to Section 134(3)(a) and Section 92(3) of the Companies Act, 2013 read with Companies (Management and Administration) Rules, 2014 in the prescribed format form MGT-7 is available on the company's website http://mangalltd.com/.

i. **NUMBER OF MEETINGS OF THE BOARD AND THE ATTENDANCE OF THE DIRECTORS**

During the year four meetings of the Board of Directors of the Company were convened and held in accordance with the provisions of the Act. The meetings of the Board were held on July 27,2020, October 30,2020, February 20, 2021 and March 20,2021 The details of attendance of each Director at the meetings held during the year are as follows:

| Sl. No | Name of the Director | No of Meetings held | No of Meetings attended |
|---|---|---|---|
| 1 | Dr. Ramachandra N Galla, Chairman (Non-Executive) (DIN : 00133761) | 4 | 4 |
| 2 | Mr.Jayadev Galla, Vice-Chairman (Non-Executive) (DIN: 00143610) | 4 | 4 |
| 3 | Mr. Gourineni Harshavardhana, MD & CEO (DIN: 07311410) | 4 | 4 |
| 4 | Mrs. Galla Padmavathi, Non-Executive Director (Non-Executive) (DIN: 00143767) | 4 | 4 |
| 5 | Mr. Ashok Galla, Non- Executive Director (DIN :07304265) | 4 | 3 |
| 6 | Mr.C.Prasanth, Non-Executive Independent Director (DIN: 00468442) | 4 | 4 |
| 7 | Mr.I.B.K.Murthy, Non-Executive Independent Director (DIN:02774534) | 4 | 4 |

ii. **COMMITTEES OF THE BOARD**

In compliance with the provisions of Sections 135, 177, 178 of the Companies Act, 2013, the Board constituted/ Corporate Social Responsibility Committee, Audit Committee and Nomination and Remuneration Committee. The details of composition of the Committees, their meeting and attendance of the members are given below.

a. **Audit Committee**

The constitution and terms of reference of the Audit Committee are in accordance with and covers all the matters specified under Section 177 of the Companies Act, 2013. Three meetings of the Committee were held on July

27,2020, October 30, 2020 and February 20, 2021. The composition of the Audit Committee and the attendance of each member is given below:

| Sl. No | Name of the Member | No of meeting held | No of Meetings attended |
|---|---|---|---|
| 1 | Dr.Ramachandra N Galla, Chairman | 3 | 3 |
| 2 | Mr.I.B.K.Murthy, Member | 3 | 3 |
| 3 | Mr.C.Prasanth, Member | 3 | 3 |

**b. Nomination and Remuneration Committee**

In compliance with section 178 of the Companies Act, 2013, (Act) the Board had constituted the Nomination and Remuneration Committee. The terms of reference of the Committee covers all the matters specified in Section 178 of the Act. One meeting was held on July 27,2020. The composition of the Nomination and Remuneration Committee and the attendance of each member is given below:

| Sl. No | Name of the Member | No of meeting held | No of Meetings attended |
|---|---|---|---|
| 1 | Mr.I.B.K.Murthy, Chairman | 1 | 1 |
| 2 | Dr.Ramachandra N Galla, Member | 1 | 1 |
| 3 | Mr.C.Prasanth, Member | 1 | 1 |

**c. Corporate Social Responsibility Committee**

In Compliance with Section 135 of the Companies Act, 2013, (Act) the Board had constituted the Corporate Social Responsibility Committee. The terms of reference of the Committee covers all the matters specified in Section 135 of the Act. One meeting of the Committee was held on February 20, 2021. The Composition of the Corporate Social Responsibility Committee and the attendance of each member is given below:

| Sl.no | Name of the Member | No of meeting held | No of Meetings attended |
|---|---|---|---|
| 1 | Dr.Ramachandra N Galla, Chairman | 1 | 1 |
| 2 | Mr.I.B.K.Murthy, Member | 1 | 1 |
| 3 | Mr.C.Prasanth, Member | 1 | 1 |

**iii. Remuneration to directors**

The remuneration structure of Managing Director & CEO comprises of basic salary, commission, perquisites and allowances, contribution to provident fund etc. The remuneration is determined considering various factors such as qualification, experience, expertise, prevailing remuneration in the industry and the financial position of the Company.

All Non-Executive Independent Directors except Galla Family are entitled to sitting fee for attending the Board/Committee meetings and also for reimbursement of out of pocket expenses for attending the meetings. Further the Non-Executive Independent Directors are entitled to sum as decided by the Board as Commission, provided the aggregate of such commission shall not exceed 1% of net profits of the Company per annum.

**iv. Nomination and Remuneration Policy**

The Board of Directors approved the Nomination and Remuneration policy. The said policy is applicable to all Directors, Key Managerial personnel and senior management personnel of the Company is available on the company's website http://mangalltd.com/

**v. Board evaluation**

Pursuant to the provisions of Section 134(3)(p) of the Companies Act, 2013 the Board Evaluation is

not applicable.

**9. Corporate Social Responsibilities**

As part of "Corporate Social Responsibility (CSR) initiatives, the Company had undertaken in the areas of Education, Environment, Health, water and Sanitation. The CSR initiatives are largely in accordance with Schedule VII of the Companies Act, 2013.

The Company undertakes Corporate Social Responsibility activities through Rajanna Trust and KECA. The Corporate Social Responsibility Policy established by the Board is available on the company's website http://mangalltd.com/ The Annual Report on CSR activities in annexed herewith as Annexure-II

**10. Whistle Blower /Vigil Mechanism**

The Company has established a whistle blower/vigil mechanism to provide an avenue to raise concerns. The mechanism provides for adequate safeguards against victimization of employees who avail of it and also for appointment of an Ombudsperson who will deal with the complaints received. The policy also lays down the process to be followed for dealing with complaints and in exceptional cases, also provides for direct appeal to the Chairperson of the Audit Committee. The Whistle Blower Policy established by the Board is available on the company's website http://mangalltd.com/

**11. Prevention of sexual harassment at workplace policy**

The Company has in place a Prevention of Sexual Harassment Policy in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 (Act). An Internal Compliance Committee (ICC) has been set up to redress complaints received regarding sexual harassment. All women employees are covered under this Policy. The following is the summary of sexual harassment complaints received and disposedoff during the year 2020-21. (a. No. of complaints received: Nil, b. No of complaints disposed off: Nil.)

**12. Particulars of loans, guarantees or investments**

As on March 31, 2021 the Company has outstanding unsecured loan(s) of ₹ 15 crores from RNGalla Family Private Limited (Holding Co.,) in accordance with Section 186 of the Companies Act, 2013 and ₹ 2 crores from Mr.Harshavardhana Gourineni, MD & CEO. Please refer the notes to the financial statements for further details.

**13. Particulars of contracts or arrangement with related parties**

All related party transactions that were entered into during the financial year were on arm's length basis and were in the ordinary course of business.

During the financial year 2020-21, there were no materially significant transactions with the related parties which might be deemed to have had a potential material conflict with the interest of the Company at large.

Prior omnibus approval of the Audit Committee is obtained for transaction with related parties which are of a foreseen and repetitive in nature.

The summary statement of transactions entered into with the related parties pursuant to the omnibus approval so granted are reviewed and approved by the Audit Committee on a periodical basis. The summary statements are supported by an independent audit report certifying that the transactions are at an arm's length basis and in the ordinary course of business.

As all the transactions with related parties are on Arm's length basis and there is no material related party transaction as per the policy adopted by the Company, the particulars of contracts or arrangements with related parties under Section 188 in Form AOC-2 is not required and it is not enclosed herewith.

**14. Internal control systems:**

The Company has in place adequate system of internal controls commensurate with its size and nature of its operations. The Company's internal control system covers the following aspects:

- Financial propriety of business transactions
- Safeguarding the assets of the Company
- Compliance with prevalent statues, management authorisation, policies and procedures of the Company

**15. Internal financial controls**

The Internal Financial Controls over financial reporting are designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the Financial Statements. The Management assessed the effectiveness of the Internal Financial Controls over financial reporting as of March 31, 2021, and the Board believes that the controls are adequate.

**16. Risk management**

The Board discusses the significant business risks and the mitigation steps/action plan to mitigate the same, while reviewing the performance of the Company. In the opinion of the Board, there are no major elements of risk which has the potential of threatening the existence of the Company. The Company is in the process of development and implementation of a risk management policy.

## 17. OTHER DISCLOSURES

### a. Share capital

The Paid-up equity share capital of the Company as at March 31, 2021 stood at ₹ 13,90,38,770

comprising of 1,39,03,877 equity shares of ₹ 10/-each

### b. Change in the nature of business

During the year under review, there was no change in the nature of the business of the Company.

### c. Reporting of frauds

There was no instance of fraud during the year under review, which required the Statutory Auditors to report to the Audit Committee and / or Board under Section 143(12) of the Act and the rules made thereunder.

### d. Regulatory orders

There are no significant material orders passed by the Regulators/Courts which would impact the going concern status of the Company and its future operations.

### e. Particulars of employees remuneration:

The information required under Section 197 of the Act read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is not applicable.

### f. Deposits from public

The Company has not accepted any deposits from the public falling within the ambit of Section 73 of the Companies Act, 2013 and The Companies (Acceptance of Deposit) Rules, 2014 during the year under review. There are no outstanding deposits as on March 31, 2021.

### g. Secretarial standards

The Company has complied with the Secretarial Standards with respect to Meetings of the Board of the Directors (SS-1) and General Meetings (SS-2) issued by the Institute of Company Secretaries of India and approved by the Central Government.

### h. Conservation of energy, technology absorption, foreign exchange earnings and outgo

The information on conservation of energy, technology absorption, foreign exchange earnings and outgo stipulated and foreign exchange Section 134(3)(m) of the Companies Act, 2013 read with Rule 8 (3) of The Companies (Accounts) Rules 2014, are annexed hereto as Annexure-III and forms part of this report.

### i. Subsidiaries, Associates and Joint Ventures

There are no subsidiaries, associates and joint venture companies.

### j. Transfer of amounts to Investor Education and Protection Fund

The Company did not have any funds lying unpaid or unclaimed for a period of seven years. Therefore, there were no funds required to be transferred to Investor Education and Protection Fund (IEPF).

### k. Acknowledgement

The board wishes to place on record its sincere appreciation for the continued assistance and support extended to the Company by its customers, vendors, business associates, banks, Government authorities and employees. The directors acknowledge with gratitude the encouragement and support extended by the shareholders.

On behalf of the board

Dr. Ramachandra N Galla
Chairman
(DIN: 00133761)

Date : 25.05.2021
Place : Tirupati

**Annexure-I**

# Form No. MR-3

## SECRETARIAL AUDIT REPORT

**For the Financial Year 2020-21**

[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,
**M/s. MANGAL INDUSTRIES LIMITED**

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **M/s. MANGAL INDUSTRIES LIMITED (hereinafter called the Company).** Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

We have conducted online verification & examination of records, as facilitated by the Company, due to Covid 19 and for the purpose of issuing this Report.

Based on our verification of **M/s. MANGAL INDUSTRIES LIMITED** books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, the explanations and clarifications given to us and considering the relaxations granted by the Ministry of Corporate Affairs warranted due to the spread of the COVID-19 pandemic, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended 31st March 2021, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

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

i. The Companies Act, 2013 (the Act) and the rules made there under;

ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under; (Not Applicable)

iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;

iv. Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings. (Not Applicable)

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

   a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; (Not Applicable)

   b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; (Not Applicable)

   c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; (Not Applicable)

   d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;; (Not Applicable To The Company During The Audit Period)

   e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; (Not Applicable)

   f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; (Not Applicable)

   g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; (Not Applicable)

   h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; (Not Applicable)

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

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

   (ii) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. (NOT APPLICABLE)

We further report that the Board of Directors of the Company is constituted with Executive Director Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, which is 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.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

We further report that 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 V Suresh Associates
Practising Company Secretaries

**V Suresh**
Senior Partner
FCS No.2969
C.P.No. 6032
Peer Review Cert. No. :667/2020
UDIN:F002969C000351108

Place: Chennai
Date: 20.05.2021

# ANNEXURE TO SECRETARIAL AUDIT REPORT

To,
The Members
**MANGAL INDUSTRIES LIMITED**

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

1. Maintenance of secretarial records is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes 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. We believe that the processes and practices we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Where ever required, we 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. Our examination was limited to the verification of procedures 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 V Suresh Associates
Practising Company Secretaries

**V Suresh**
Senior Partner
FCS No. 2969
C.P.No. 6032
Peer Review Cert. No. : 667/2020
UDIN: F002969C000351108

Place: Chennai
Date: 20.05.2021

**Annexure II**

# Annual Report on Corporate Social Responsibility (CSR) Activities

1. **A brief outline of the CSR policy of the Company**

   The broad focus areas of the Company are Education, Health, Environment and Rural Development.

   The activities under the Education include primary secondary and higher education skill development of rural youth providing scholarships to meritorious students of underprivileged and promoting preventive healthcare activities such as providing safe and healthy drinking water aiding hospitals etc.

2. **Composition of the CSR Committee:**

| Sl No. | Name of the 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. | Dr. Ramachandra N Galla | Chairman; Non-Executive Non-Independent | 1 | 1 |
| 2. | Mr. IBK.Murthy | Member; Non-Executive Independent | 1 | 1 |
| 3. | Mr. C Prasanth | Member; Non-Executive Independent | 1 | 1 |

3. **Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the Company:**

   https://mangalindustries.com/about.php

4. **Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable :** 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 :** Not applicable

6. **Average net profit of the Company for last three financial years :** ₹ 63,76,62,259

7. a. **2% of the Average Net Profit of the Company as per Section 135(5) :** ₹ 1,27,53,245

   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 :** NIL

   d. **Total CSR obligation for the financial year (7a+7b-7c) :** ₹ 1,27,53,245

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

| Total amount spent for the financial year - 2021 | Amount unspent | | | | |
|---|---|---|---|---|---|
| | Total amount transferred to unspent CSR account as per Section 135(6) of the Act | | Amount transferred to any fund specified under Schedule VII as per second proviso to Section 135 (5) of the Act | | |
| | Amount | Date of transfer | Name of the Fund | Amount | Date of transfer |
| ₹ 1,27,53,245 | NIL | NA | NA | NA | NA |

**b. Details of CSR amount spent against ongoing projects for the financial year**

| Sl No. | Name of the Project | Item from the list of activities in Schedule VII to the Act | Local Area (Yes/No) | Location of the project | | Project Duration | Amount Allocated for the Project (₹ Crore) | Amount spent in the current financial Year (₹ Crore) | Amount transferred to Unspent CSR Account for the project as per Section 135(6) of the Act (`) | Mode of Implementation - Direct (Yes/No). | Mode of Implementation - Through Implementing Agency | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 01 | Common Infrastructure in Educational complex Petamitta including transport related thereto | (ii) | Yes | State: Andhra Pradesh | District: Chittoor | 1 year | 1.28 | 1.28 | NIL | Yes | Name RAJANNA TRUST | CSR Reigs-traion No.CSR00003252 |

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

| Sl No. | Name of the Project | Item from the list of activities in Schedule VII to the Act | Local Area (Yes/ No) | Location of the project | | Amount Allocated for the Project ₹ crore | Amount spent in the current financial Year ₹ Crore | Amount transferred to Unspent CSR Account for the project as per Section 135(6) of the Act (₹) | Mode of Implementation - Direct (Yes/No). | Mode of Implementation - Through Implementing Agency | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 01. | NA | NA | NA | NA | NA | NA | NA | NA | NA | NA | NA |

**d. Amount spent in Administrative Overheads :** NIL

**e. Amount spent on Impact Assessment, if any :** Not applicable

**f. Total Amount spent for the financial year (8b+8c+8d+8e) :** ₹ 1,27,53,245

**g. Excess Amount for set off, if any :** NIL

| Sl No. | Particular | Amount in ₹ |
|---|---|---|
| 1. | Two percent of average net profit of the company as per Section 135(5) | ₹ 1,27,53,245 |
| 2. | Total amount spent for the financial year | ₹ 1,27,53,245 |
| 3. | Excess amount spent for the financial year [(ii)-(i)] | NIL |
| 4. | Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any | NIL |
| 5. | Amount available for set off in succeeding financial years [(iii)-(iv)] | NIL |

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

| Preceding financial year | Total amount transferred to unspent CSR account as per Section 135(6) of the Act | Amount spent in the reporting financial year (₹) | Amount transferred to any fund specified under Schedule VII as per second proviso to Section 135 (5) of the Act | | | Amount remaining to be spent in succeeding financial years (in ₹.) |
|---|---|---|---|---|---|---|
| | | | Name of the Fund | Amount | Date of transfer | |
| 2020 | NIL | NA | NA | NA | NA | NA |
| 2019 | NIL | NA | NA | NA | NA | NA |
| 2018 | NIL | NA | NA | NA | NA | NA |

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

| Sl No. | Project Id | Name of the Project | Financial year in which project was commenced | Project Duration | Total Amount allocated for the Project (₹ Crore) | Amount spent on the project in the reporting financial year | Cummulative amount spent at the end of reporting financial year (₹ Crore) | Status of the project – Completed/ Ongoing |
|---|---|---|---|---|---|---|---|---|
| 01. | NA | NA | NA | NA | NA | NA | NA | NA |
| | | | | | | | | |
| | | | | | | | | |

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

**(Asset wise details)**

a. Date of creation or acquisition of the capital asset(s). – 25.03.2021

b. Amount of CSR spent for creation or acquisition of capital asset. – ₹ 1,27,53,245

c. Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc. – Rajanna Trust,Thavanampalli Mandal, Diguvamagham, Chittoor district Andhra Pradesh.

d. Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset). – As per Annexure.

**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) of the Act. :** Not applicable.

Mr. Harshavardhana Gourineni
MD & CEO

Dr. Ramachandra N Galla
Chairman of the CSR Committee

Hyderabad/Tirupati, May 25, 2021

**Annexure-III**

**Particulars of Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo required under the Companies (Accounts) Rules, 2014.**

**(A) CONSERVATION OF ENERGY-**

**(i) the steps taken or impact on conservation of energy;**

- 250W Metal Halide Lights are replaced with 135W LED lights.
- Sprue Pickers are introduced for Automatic Operation of Machines ensuring consistent Cycle times.
- Isolated single control panel for all tanks in Mn Phosphating tank and decrement in process temperature by 10°C such that by reduction of heaters wattage from 12KW to 8KW.
- In Tenepalli chiller plant, Auto cut-off of Cooling tower fan motor by interlinking with sump water temperature was installed.
- Separate Semi-automatic plating line incorporated for 10.9Gr. products such that to not process those at Automatic plating line with 8 transporters in function.
- Replacement of older machines with more energy efficient machines
- LPG consumption reduction in pre-treatment by moving to heat pumps
- Replacement of diesel operated forklifts with battery operated ones
- Implementation of motion sensors to reduce idle time power consumption of machines and office

**(ii) the steps taken by the company for utilizing alternate sources of energy;**

- Majority of power consumption is derived from Solar power suppliers with aggregating 5MW.
- Introduced renewable natural energy source of Biomass Briquettes in SS SBU
- Steps for installation of Roof Top Solar which will provide 30% of total power requirement. Implementation in FY22.

**(iii) the capital investment on energy conservation equipment(s):**

- Expenditure towards Sprue Pickers FY20 – INR 5,62,085/-
- LED Lights replacement cost – INR 1,39,054/-
- Semi-automatic Alkaline Zn/Zn-Fe plating line - ₹ 44,84,000/-
- MF SBU invested ₹ 40 lacs in FY21

**(B) TECHNOLOGY ABSORPTION**

| | | |
|---|---|---|
| 1. | Efforts made towards technology absorption | **BC SBU:**<br>Addition of two more multi slide die casting technology introduced for Lead Bush Manufacturing, Auto Hole Punching & Screen Printing Machine, Auto Vent Seal and Porous Insertion Machine. Auto CPO Coating Machine for Lead Bushes<br>**AC SBU :**<br>Brankamp Process Monitor –Forging & Rolling machines.<br>Real-time OEE tracking System(TPM-Trak) |
| 2. | The benefits derived like product improvement, cost reduction, product development or import substitution; | **BC SBU:**<br>Consistent Product Quality, Reduced Cycle time, Man Power Optimization, Complete Automatic Operation, Reduced Design Wastages, Improved energy Efficiency.<br>**AC SBU :**<br>a) Classification and categorization of losses.<br>b) Consistent Product quality.<br>c) Fully Automatic Operation.<br>**MF & SS SBU :** Lower operating cost |

| | | |
|---|---|---|
| 3. | in case of imported technology (imported during the last three years reckoned from the beginning of the<br>financial year)-<br>(a) the details of technology imported;<br>(b) the year of import;<br>(c) whether the technology been fully absorbed;<br>(d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof; | **BC SBU :**<br>(a) Multi Slide Pressure Die Casting technology for Lead Bush Manufacturing<br>(b) 2019<br>(c) Yes<br>**AC SBU :**<br>**1. Brankamp Process Monitor:**<br>(a) Online load monitoring, Product Setting guide and data capturing system.<br>(b) FY20.<br>(c) Yes, Product Quality improved.<br>**2. Centrifugal Driers.**<br>(a) Top air blow with centrifuge action for zero heat wastage.<br>(b) FY19.<br>(c) Yes, Productivity improvement.<br>**3. Passivation Transporters (Tilting Upper cart).**<br>(a) Basket spin and tilt with 45° angle.<br>(b) FY19.<br>(c) Yes, Product quality improved. |

**Expenditure on Research & Development :**

(₹ in crores)

| Particulars | March 31, 2021 | March 31, 2020 |
|---|---|---|
| a) Capital | Nil | Nil |
| b) Recurring | Nil | Nil |
| Total | Nil | Nil |

**Forging Exchange Earning and Outgo :**

(₹ in crores)

| Particulars | March 31, 2021 | March 31, 2020 |
|---|---|---|
| Foreign exchange used | 113.42 | 96.54 |
| Foreign exchange earned | 11.11 | 4.33 |

On behalf of the board

Dr. Ramachandra N Galla
Chairman
(DIN: 00133761)

Place : Tirupati
Date : 25.05.2021

# INDEPENDENT AUDITORS' REPORT

**To the Members of**
**Mangal Industries Limited**
**Report on the Audit of the Financial Statements**

**Opinion**

We have audited the accompanying financial statements of Mangal Industries Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2021, Statement of Profit and Loss (including Other Comprehensive Income), Cash Flow Statement, Statement of Changes in Equity for the year then ended, and 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 financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, its profit, total 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 financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the 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 (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

**Information Other than the Financial Statements and Auditors' Report Thereon**

The Company's Board of Directors is responsible for the other information. The other information comprises the Directors' Report and Annexures to the Directors' report but does not include the financial statements and our auditors' report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information, 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.

**Management's Responsibility for the 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 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 Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the 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.

**Auditors' Responsibility for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 financial statements.

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

- Identify and assess the risks of material misstatement of the 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 financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the 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 auditors' 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 auditors' 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

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

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

**Report on Other Legal and Regulatory Requirements**

1. As required by Section 143(3) of the Act, based on our audit, we report that :

    a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

    b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

    c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the 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 financial statements comply with the Ind AS specified under Section 133 of the Act.

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

f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in “Annexure B”. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company’s internal financial controls over financial reporting.

g) With respect to the other matters to be included in the Auditors’ Report in accordance with the requirements of Section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid/provided by the Company to its Managing Director and its Independent Directors during the year is in accordance with the provisions of Section 197 of the Act.

h) With respect to the other matters to be included in the Auditors’ 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 financial statements.

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

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

2. As required by the Companies (Auditor’s Report) Order, 2016 (“the Order”) issued by the Central Government in terms of Section 143(11) of the Act, we give in “Annexure A” a statement on the matters specified in paragraphs 3 and 4 of the Order.

For BRAHMAYYA & Co.
Chartered Accountants
(F.R.N. 000513S)

Karumanchi Rajaj
Partner
Membership No. 202309
UDIN No.: 21202309AAAAEO2127

Date: 25.05.2021
Place: Vijayawada

# ANNEXURE "A" TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' Section of our report of even date)

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

(b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed/ Government Orders provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Company.

In respect of immovable properties of land that have been taken on lease and disclosed as property, plant and equipment in the financial statements, the lease agreements are in the name of the Company, where the Company is the lessee in the agreement.

(ii) The inventories, except goods-in-transit and stocks lying with third parties, have been physically verified by the Management during the year. In our opinion, the frequency of such verification is reasonable. For stocks lying with third parties at the year end, written confirmations have been obtained. The discrepancies noticed on verification between the physical stocks and the book records were not material and have been dealt with in the books of account.

(iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013.

(iv) The Company has not granted any loans, made investments or provided guarantees and hence reporting under clause (iv) of the Order is not applicable.

(v) According to the information and explanations given to us, the Company has not accepted any deposit falling within the purview of the provisions of Section 73 to 76 of the Companies Act, 2013.

(vi) The maintenance of cost records has been specified by the Central Government under Section 148(1) of the Companies Act, 2013. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended, prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

(vii) According to the information and explanations given to us, in respect of statutory dues:

(a) The Company has been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Customs Duty, GST, Cess and other material statutory dues applicable to it with the appropriate authorities.

(b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, cess and other material statutory dues in arrears as at March 31, 2021 for a period of more than six months from the date they became payable.

(c) Details of dues of Sales Tax, Excise Duty and Value Added Tax which have not been deposited as on March 31, 2021 on account of disputes are given below:

**(₹ Lakhs)**

| Sl No. | Name of Statute | Nature of Dues | Forum where Dispute is Pending | Period to which the Amount Relates | Amount Involved | Amount Unpaid |
|---|---|---|---|---|---|---|
| 1 | Central Excise Act,1944 | Denial of the benefit of Duty exemption | CESTAT, Hyderabad | 2010-15 | 237.51 | 225.48 |
| 2 | AP General sales tax Act, 1957 | Levy of Tax on Consumables used in Job Work | AP Sales Tax Appellate Tribunal | 2001-02 | 5.50 | 1.12 |
| 3 | AP VATAct,2005 | Denial of Input Credit | AP Sales Tax Appellate Tribunal | 2008-10 | 20.97 | 10.48 |

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to Banks. However, the company has not raised any funds from financial institutions and Government and also not raised funds by way of issue of debentures.

(ix) In our opinion and according to the information and explanations given to us, the Company has not raised moneys by way of initial public offer or further public offer and term loans were applied for the purpose which the loans were obtained.

(x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company by its officers or employees has been noticed or reported during the year.

(xi) In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration to its Managing Director and to its Independent Directors in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Companies Act, 2013.

(xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.

(xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable Indian Accounting Standards.

(xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of the Order is not applicable to the Company.

(xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with them and hence provisions of Section 192 of the Companies Act, 2013 are not applicable.

(xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For BRAHMAYYA & Co.
Chartered Accountants
(F.R.N. 000513S)

Karumanchi Rajaj
Partner
Membership No. 202309
UDIN No.: 21202309AAAAEO2127

Date: 25.05.2021
Place: Vijayawada

# ANNEXURE "B" TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 1 (f) under 'Report on Other Legal and Regulatory Requirements' Section of our report of even date)

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

We have audited the internal financial controls over financial reporting of Mangal Industries Limited ("the Company") as of March 31, 2021 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

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

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to 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 over financial reporting of the Company 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") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's 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 system over financial reporting.

**Meaning of Internal Financial Controls Over Financial Reporting**

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of 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 Over Financial Reporting**

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

**Opinion**

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2021, based on the criteria for internal financial control over financial reporting 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.

For BRAHMAYYA & Co.
Chartered Accountants
(F.R.N. 000513S)

Karumanchi Rajaj
Partner
Membership No. 202309
UDIN No.: 21202309AAAAEO2127

Date:25.05.2021
Place: Vijayawada

# Balance Sheet as at 31st March, 2021

(All amounts in ₹ lakhs, except for share data or as otherwise stated)

| | Notes | As at 31st March, 2021 | As at 31st March, 2020 |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Property, Plant and Equipment | 3 | **43,977.26** | 41,658.29 |
| Right-of-use asset | 3 | **1,840.42** | 1,416.40 |
| Capital work-in-progress | 3 | **1,037.18** | 2,798.17 |
| Other intangible assets | 3 | **717.30** | 588.26 |
| Financial assets | | | |
| (i) Investments | | **-** | - |
| (ii) Loans | 4 | **395.87** | 336.46 |
| Deferred Tax Assets (Net) | 5 | **-** | - |
| Other non current assets | 6 | **186.56** | 370.95 |
| **Total Non-Current assets** | | **48,154.60** | 47,168.53 |
| **Current assets** | | | |
| Inventories | 7 | **10,532.42** | 8,489.34 |
| Financial assets | | | |
| (i) Trade receivables | 8A | **13,804.23** | 6,063.61 |
| (ii) Cash and cash equivalents | 8B | **0.84** | 11.35 |
| (iii) Bank balances other than above | 8C | **112.76** | 1,210.84 |
| (iv) Other financial assets | 8D | **69.27** | 233.71 |
| Current tax assets(Net) | 9 | **-** | - |
| Other current assets | 10 | **1,804.29** | 878.93 |
| **Total Current assets** | | **26,323.81** | 16,887.77 |
| **Total assets** | | **74,478.41** | 64,056.30 |
| **EQUITY AND LIABILITIES** | | | |
| **Equity** | | | |
| Equity share capital | 11 | **1,390.39** | 1,390.39 |
| Other equity | 12 | **36,329.23** | 30,950.00 |
| **Total equity** | | **37,719.61** | 32,340.39 |
| **Non-current liabilities** | | | |
| Financial liabilities | | | |
| (i) Borrowings | 13A | **5,834.28** | 10,261.60 |
| (ii) Lease Liability | 13B | **423.63** | 94.28 |
| Provisions | 14 | **708.85** | 600.86 |
| Deferred tax liabilities (Net) | 5 | **5,031.58** | 3,772.53 |
| **Total Non-current liabilities** | | **11,998.35** | 14,729.27 |
| **Current liabilities** | | | |
| Financial liabilities | | | |
| (i) Borrowings | 15 | **5,313.60** | 1,875.41 |
| (ii) Trade payables | | | |
| (a) total outstanding dues to micro enterprise and small enterprises" | 16A | **230.60** | 833.44 |
| (b) total outstanding dues to creditors other than micro enterprises and small enterprises | 16A | **11,660.04** | 8,025.76 |
| (iii) Other financial liabilities | 16B | **5,281.50** | 5,509.40 |
| (iv) Lease Liability | 13B | **147.38** | 29.78 |
| Current tax liabilities(Net) | 9 | **285.31** | 74.81 |
| Provisions | 14 | **90.74** | 93.94 |
| Other current liabilities | 17 | **1,751.29** | 544.10 |
| **Total current liabilities** | | **24,760.45** | 16,986.64 |
| **Total equity and liabilities** | | **74,478.41** | 64,056.30 |
| Corporate Information | 1 | | |
| Significant accounting policies | 2 | | |
| The accompanying notes are an integral part of the financial statements. | 26 to 42 | | |

**As per our report of even date attached**

**For and on behalf of the board**

For **BRAHMAYYA & CO.,**
Chartered Accountants
Firm Registration No.: 000513S

**Dr Ramachandra N Galla**
Chairman
(DIN No:00133761)

**Harshavardhana Gourineni**
Managing Director and Chief Executive officer
(DIN No:07311410)

**(Karumanchi Rajaj)**
Partner
Membership No.: 202309
UDIN No.: 21202309AAAAEO2127

**G.Satish Kumar**
Chief Financial Officer

**P Ravi Kumar**
Company Secretary

Place : Vijayawada/ Hyderabad/ Tirupathi
Date : May 25, 2021

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

(All amounts in ₹ lakhs, except for share data or as otherwise stated)

| Particulars | Notes | Year Ended 31st March, 2021 | Year Ended 31st March, 2020 |
|---|---|---|---|
| **Revenue** | | | |
| Revenue from operations | 18 | **92,510.09** | 81,939.28 |
| Other income | 19 | **587.88** | 413.07 |
| **Total Income** | | **93,097.97** | **82,352.35** |
| **Expenses** | | | |
| Cost of materials consumed | 20 | **55,161.53** | 52,770.52 |
| Purchase of stock in trade | 20 | **4,947.96** | 376.22 |
| Changes in inventories of finished goods, work-in-progress and stock-in-trade | 21 | **292.70** | (71.55) |
| Employee benefits expense | 22 | **9,915.54** | 9,279.40 |
| Finance costs | 23 | **1,222.97** | 1,663.81 |
| Depreciation and amortisation expenses | 24 | **3,544.28** | 3,124.39 |
| Other expenses | 25 | **9,402.93** | 8,665.33 |
| **Total expenses** | | **84,487.91** | **75,808.12** |
| **Profit before tax** | | **8,610.07** | **6,544.23** |
| **Income tax expense** | 28 | | |
| Current tax | | **1,675.00** | 1,190.00 |
| Deferred tax | | **1,280.13** | 908.63 |
| | | **2,955.13** | **2,098.63** |
| **Profit for the year** | | **5,654.94** | **4,445.60** |
| **Other comprehensive income not to be reclassified to profit or loss in subsequent periods** | | | |
| Re-measurement of Employee defined benefit plans(net of Tax) | 27 | **(53.25)** | (117.76) |
| **Other comprehensive income for the year** | | **(53.25)** | (117.76) |
| **Total comprehensive income for the year** | | **5,601.69** | **4,327.84** |
| | | | |
| **Earnings per equity share** | 29 | | |
| Basic & diluted | | **40.67** | 31.97 |
| Nominal value per equity share | | **10.00** | 10.00 |
| The accompanying notes are an integral part of the financial statements. | 26 to 42 | | |

**As per our report of even date attached**

For **BRAHMAYYA & CO.,**
Chartered Accountants
Firm Registration No.: 000513S

**(Karumanchi Rajaj)**
Partner
Membership No.: 202309
UDIN No.: 21202309AAAAEO2127

Place : Vijayawada/ Hyderabad/ Tirupathi
Date : May 25, 2021

**For and on behalf of the board**

**Dr Ramachandra N Galla**
Chairman
(DIN No:00133761)

**Harshavardhana Gourineni**
Managing Director and Chief Executive officer
(DIN No:07311410)

**G.Satish Kumar**
Chief Financial Officer

**P Ravi Kumar**
Company Secretary

# Cash flow Statement for the year ended 31st March 2021

(All amounts in ₹ lakhs, except for share data or as otherwise stated)

| Particulars | For the Year ended 31st March, 2021 | | For the Year ended 31st March, 2020 | |
|---|---|---|---|---|
| **I. CASH FLOW FROM OPERATING ACTIVITIES** | | | | |
| **Profit before tax from continuing operations** | | 8,610.07 | | 6,544.23 |
| Add/Less: Adjustments for: | | | | |
| a. Depreciation | 3,544.28 | | 3,124.39 | |
| b. Interest expenses | 1,222.97 | | 1,663.81 | |
| c. Interest received | (143.14) | | (208.21) | |
| d. (Profit) / Loss on sale of tangible fixed assets | (22.28) | | 11.87 | |
| e. Assets Written off | - | | 103.91 | |
| f. Remeasurement of defined benefit obligation | (53.25) | | (117.76) | |
| | | 4,548.58 | | 4,578.01 |
| **Operating profit before working capital changes** | | **13,158.65** | | **11,122.25** |
| **Add/Less: Adjustments for working capital changes** | | | | |
| a. Decrease/(increase) in inventories | (2,043.08) | | (175.55) | |
| b. Decrease/(increase) in trade and Other receivables | (8,390.90) | | 1,759.25 | |
| c. Increase/(decrease) in trade and other payables | 4,713.34 | | 493.90 | |
| | | **(5,720.64)** | | **2,077.59** |
| **Cash generated from operations** | | **7,438.01** | | **13,199.84** |
| Less : Direct taxes paid | | 1,385.88 | | 1,228.79 |
| **Net cash from operating activities - A** | | **6,052.13** | | **11,971.05** |
| **II. CASH FLOW FROM INVESTING ACTIVITIES** | | | | |
| a. Purchase of tangible fixed assets (Net of Subsidy) | (6,099.94) | | (6,099.94) | |
| b. (Increase)/decrease in capital work in progress | 1,760.99 | | 221.60 | |
| c. Proceeds from Sale of Tangible Assets | 116.53 | | 7.23 | |
| d. Interest received | 143.14 | | 208.21 | |
| e. Margin money deposits with banks and other balances | 1,098.07 | | (973.13) | |
| **Net Cash from / (Used in) investing activities - B** | | **(2,981.20)** | | **(6,636.02)** |
| **III. CASH FLOW FROM FINANCING ACTIVITIES** | | | | |
| a. Increase/(decrease) in borrowings | (1,586.96) | | (2,766.21) | |
| b. Interest expenses | (1,206.36) | | (1,653.50) | |

# Cash flow Statement for the year ended 31st March 2021

(All amounts in ₹ lakhs, except for share data or as otherwise stated)

| Particulars | For the Year ended 31st March, 2021 | | For the Year ended 31st March, 2020 |
|---|---|---|---|
| c. Repayment of lease liability | (65.66) | | (35.28) |
| d. Dividend and dividend distribution tax paid | (222.46) | | (871.62) |
| **Net cash from financing activities - C** | | **(3,081.44)** | **(5,326.61)** |
| **Net cash flow from/(Used in) all activities (A+B+C)** | | **(10.51)** | **8.41** |
| Opening cash and bank balances | | 11.35 | 2.94 |
| Add: Net increase/(decrease) in cash & cash equivalents | | (10.51) | 8.41 |
| **Closing cash and bank balances** | | **0.84** | **11.35** |

**i) The above cash flow statement has been prepared under "Indirect method" as set out in Ind AS-7 "Statement of cash flows".**

**ii) Reconciliation of liabilities from financing activities for the year ended March 31, 2021**

| | As at 31 March 2020 | Ind AS 116 Adoption | Cash Flows | " Non Cash Changes Current/ Non Current Classification " | As at 31 March 2021 |
|---|---|---|---|---|---|
| Borrowings - Non current | 10,261.60 | - | (756.00) | (3,671.32) | 5,834.28 |
| Other Financial Liabilities | 4,214.00 | - | (4,214.00) | 3,671.32 | 3,671.32 |
| Lease liabilities | 124.05 | - | (65.66) | 512.62 | 571.01 |
| **Total** | **14,599.65** | **-** | **(5,035.66)** | **512.62** | **10,076.61** |

**iii) Reconciliation of liabilities from financing activities for the year ended March 31, 2020**

| | As at 31 March 2019 | Ind AS 116 Adoption | Cash Flows | " Non Cash Changes Current/ Non Current Classification " | As at 31 March 2020 |
|---|---|---|---|---|---|
| Borrowings - Non current | 9,279.25 | - | 5,196.35 | (4,214.00) | **10,261.60** |
| Other Financial Liabilities | 3,734.87 | - | (3,734.87) | 4,214.00 | **4,214.00** |
| Lease liabilities | - | 128.84 | (35.28) | 30.49 | **124.05** |
| **Total** | **13,014.12** | **128.84** | **1,426.20** | **30.49** | **14,599.65** |

**As per our report of even date attached**

**For and on behalf of the board**

For **BRAHMAYYA & CO.,**
Chartered Accountants
Firm Registration No.: 000513S

**Dr Ramachandra N Galla**
Chairman
(DIN No:00133761)

**Harshavardhana Gourineni**
Managing Director and Chief Executive officer
(DIN No:07311410)

**(Karumanchi Rajaj)**
Partner
Membership No.: 202309
UDIN No.: 21202309AAAAEO2127

**G.Satish Kumar**
Chief Financial Officer

**P Ravi Kumar**
Company Secretary

Place : Vijayawada/ Hyderabad/ Tirupathi
Date : May 25, 2021

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

(All amounts in ₹ lakhs, except for share data or as otherwise stated)

**(a) Equity share capital**

| Equity Shares of ₹ 10 each issued, subscribed and fully paid | Number of Shares | Amount |
|---|---|---|
| **At 31 March 2020** | **13,903,877** | **1,390.39** |
| **At 31 March 2021** | **13,903,877** | **1,390.39** |

**(b) Other equity**

| | | Reserves & Surplus | | | | | |
|---|---|---|---|---|---|---|---|
| | Capital Reserve | Securities Premium | Capital Redemption Reserve | General Reserve | Retained Earnings | Other comprehensive income | Total |
| **Balance at 31st March 2020** | **178.54** | **3,848.20** | **4.28** | **1,646.32** | **25,606.48** | **(333.80)** | **30,950.00** |
| Profit for the year | - | - | - | - | 5,654.94 | - | 5,654.94 |
| Re-measurement of employee defined benefit plans | - | - | - | - | - | (53.25) | (53.25) |
| Dividend | - | - | - | - | (222.46) | - | (222.46) |
| **Balance at 31st March 2021** | **178.54** | **3,848.20** | **4.28** | **1,646.32** | **31,038.95** | **(387.05)** | **36,329.22** |

# Notes to the financial statements for the year ended 31 March 2021

(All amounts in ₹ lakhs, except for share data or as otherwise stated)

**1 Corporate information**

Mangal Industries Limited is a public limited company domiciled in India and incorporated under the provisions of the Companies Act applicable in India. The registered office of the company is located at Renigunta kadapa Road, Karakambadi, Tirupathi, Andhra Pradesh - 517520.

The Company is principally engaged in the business of Manufacture of Battery containers & covers, Manufacture of other fabricated metal products, Warehousing/ storage Racking and Custom Fabrication, Auto Components and Toolworks.

The financial statements were authorised for issue in accordance with a resolution of the directors on 25th May'2021.

**2 Significant accounting policies**

**2.1 Basis of Preparation**

The financial statements of the company 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).

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

- Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments),
- employee defined benefit assets/liability recognized as the net total of the fair value of plan assets, and actuarial losses/gains, and the present value of defined benefit obligation.

The financial statements are presented in INR and all values are rounded to the nearest lakhs (INR 00,000), except when otherwise indicated."

**2.2 Summary of significant accounting policies**

**a. 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

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.

**b. Fair value measurement**

"The Company measures financial instruments, 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:

# Notes to the financial statements for the year ended 31 March 2021

(All amounts in ₹ lakhs, except for share data or as otherwise stated)

- 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.

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"

"At each reporting date, the Management analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Company's accounting policies. For this analysis, the Management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The Management also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable. On an interim basis, the Management present the valuation results to the Audit Committee. This includes a discussion of the major assumptions used in the valuations."

"For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above. This note summarises accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

- Disclosures for valuation methods, significant estimates and assumptions (note 27)

- Quantitative disclosures of fair value measurement hierarchy (note 34)

- Financial instruments (including those carried at amortised cost) (note 33)"

**c. Foreign Currency Transaction**

The Company's financial statements are presented in INR, which is also the company's functional currency.

Transactions and balances

Transactions in foreign currencies are initially recorded at their respective functional currency spot rates at the date the transaction first qualifies for recognition. However, for practical reasons, the Company uses an average rate if the average approximates the actual rate at the date of the transaction. 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 settlement or translation of monetary items are recognised in profit or loss. 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.

**d. Revenue recognition**

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

## Notes to the financial statements for the year ended 31 March 2021

(All amounts in ₹ lakhs, except for share data or as otherwise stated)

**Sale of goods**

Revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer, which is generally when the title passes to the customer, either upon shipment or upon receipt of goods by the customer. Revenue from the sale of goods is measured at the transaction price which is the consideration received or receivable, net of returns, taxes and applicable trade discounts and allowances. Revenue includes shipping and handling costs billed to the customer.

**Rendering of services**

Revenue from sale of service is recognised as the performance obligations are satisfied in accordance with the agreement/agreements with the customer.

**Contract balances**

Trade receivables

A receivable represents the Company's right to 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 (n) for details of measurement.

Contract liabilities.

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract. Such contract liabilities are disclosed as Advances from customer in the Balance sheet.

**e. 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 in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognised 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 establishes provisions where appropriate.

**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.

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.

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 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 at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax 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.

# Notes to the financial statements for the year ended 31 March 2021

(All amounts in ₹ lakhs, except for share data or as otherwise stated)

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

**Minimum Alternate Tax (MAT)**

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax for the year. The deferred tax asset is recognised for MAT credit available only to the extent that it is probable that the concerned company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the company recognizes MAT credit as an asset, it is created by way of credit to the statement of profit and loss and shown as part of deferred tax asset. The company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent that it is no longer probable that it will pay normal tax during the specified period.

**f. Property, plant and equipment**

Capital work in progress is stated at cost, net of accumulated impairment loss, if any. Plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment. 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. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Depreciation on all Property,Plant and equipment has been provided under straight line method as per the useful lives as specified in Schedule II of Companies Act, 2013, except in case of the following assets in which case the life of the assets has been assessed based on technical advice taking into the nature of asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, maintenance support etc.,

| | | |
|---|---|---|
| Lab equipment | - | Distallation apparatus – 1 year |
| Equipment | - | Air curtains, plastics crates, ORP transmitter, Pre-form core, Moulds– 3 years |
| | | wooden pallets, PH Meter, Lumino Meter, Vaccum Cleaner, Water level indicators, Pneumatic grease gun, VFD, Mandrel Assembly –5 years |

An 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 the statement of profit and loss when the asset is derecognised.

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

**g. Intangible assets**

"Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

Intangible assets 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.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised."

**h. 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.

# Notes to the financial statements for the year ended 31 March 2021

(All amounts in ₹ lakhs, except for share data or as otherwise stated)

**i. Leases**

The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether, (i) the contract involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Company changes its assessment if whether it will exercise an extension or a termination option.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows."

**j. Inventories**

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, Consumables and spares : cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis.

- Finished goods and work in progress: cost includes all direct cost and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs. Cost is determined on weighted average basis.

- Traded goods: cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

**k. Impairment of non-financial assets**

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. 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 Company's of assets. When 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.

# Notes to the financial statements for the year ended 31 March 2021

(All amounts in ₹ lakhs, except for share data or as otherwise stated)

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.

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. Goodwill is tested for impairment annually as at each reporting date and when circumstances indicate that the carrying value may be impaired.

**l. Provisions, Contingent liabilities and Contingent Asset**

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 Liability is disclosed for (i) Possible obligation which will be confirm only by future events not wholly within the control of the company or (ii) Present obligation arising from past event where it is not probable that an outflow of resources will be required to settle the obligation for a reliable estimate of the amount of the obligation cannot be made. The company does not recognise contingent liabilities but the same are disclosed in notes.

**m. Retirement and other employee benefits**

Retirement benefit in the form of provident fund is a defined contribution scheme. Company's contribution to Employee's Provident Fund and Employee's State Insurance are made under a defined contribution plan and are accounted at actual cost in the year of accrual. Provident Fund contribution are made to the Government administered Provident Fund towards which the company has no further obligation beyond its monthly contribution.

Company's contribution to superannuation fund in respect of employees who are members are made under a defined contribution plan, being administered by Life Insurance Corporation of India and are recognised in the Statement of Profit and Loss Account at actual cost in the year in which employees have rendered service.

"The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method. Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements 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 statement of profit and loss

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements and

# Notes to the financial statements for the year ended 31 March 2021

(All amounts in ₹ lakhs, except for share data or as otherwise stated)

- Net interest expense or income

Short term compensated absences are provided for based on estimates. The Company treats accumulated leave, as a long-term employee benefit for measurement purposes. Such accumulated leaves are provided for based on an actuarial valuation using the projected unit credit method at the period-end/ year-end.

**n. Financial Instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

**Financial assets**

**i. 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 (d) 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.

The Company’s business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

**ii. Subsequent measurement**

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

- Debt instruments at amortised cost
- Debt instruments at fair value through other comprehensive income (FVTOCI)
- Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)
- Equity instruments measured at fair value through other comprehensive income (FVTOCI)”

**iii. Debt instruments at amortised cost**

A ‘debt instrument’ is measured at the amortised cost if both the following conditions are met:

a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

b) 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 other income in the statement of profit and loss. The losses arising from impairment are recognised in the statement of profit and loss. This category generally applies to trade and other receivables.

**iv. Debt instrument at FVTOCI**

“A ‘debt instrument’ is classified as at the FVTOCI if both of the following criteria are met:

a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and

# Notes to the financial statements for the year ended 31 March 2021

(All amounts in ₹ lakhs, except for share data or as otherwise stated)

b) 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. Fair value movements are recognized in the other comprehensive income (OCI). However, the Company recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the P&L. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to P&L. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

**v. Debt instrument at FVTPL**

"FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

In addition, the Company may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch').

The Company has not designated any debt instrument as at FVTPL. Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

**vi. Equity investments**

All equity investments within the scope of Ind AS 109 are measured at fair value. 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. For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument by-instrument basis. The classification is made on initial recognition and is irrevocable.

**vii. Derecognition**

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

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset.

When the Company has transferred its rights to receive cash flows from an asset 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.

**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 financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance. 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 group determines that 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.

# Notes to the financial statements for the year ended 31 March 2021

(All amounts in ₹ lakhs, except for share data or as otherwise stated)

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 group 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 fows, an entity is required to consider:

i) All contractual terms of the financial instrument (including prepayment, extension etc.) 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.

ii) Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

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

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

**Financial liabilities**

**i. 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 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.

**ii. Subsequent measurement**

The measurement of financial liabilities depends on their classification, as described below:

**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. 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. There are no such liabilities held for trading or designated by the Company.

**Loans and borrowings**

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 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.

**Derecognition**

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 or loss.

**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.

**o. Cash and cash equivalents**

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

**p. Cash dividend**

The Company recognises a liability to make cash or non-cash distributions to equity holders of the parent 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.

**q. Earnings per share**

Basic earnings per share is calculated by dividing the net profit or loss attributable to equity holder by the weighted average number of equity shares outstanding during the year. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

# Notes to the financial statements for the year ended 31st March 2021

(All amounts in ₹ lakhs, except for share data or as otherwise stated)

### 3 Property, Plant & Equipment and Intangible asset

| Particulars | Freehold Land | Leasehold Land | Factory Buildings | Non Factory Buildings | Plant and Machinery | Electrical Installations | Furniture and Fittings | Office Equipment | I.T Equip-ment | Vehicles | Total | Capital Work in Progress | Intangible asset |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Cost (Refer Note 2 below)** | | | | | | | | | | | | | |
| **At March 31, 2020** | **985.66** | **-** | **17,956.77** | **838.11** | **24,284.85** | **4,363.81** | **248.03** | **336.79** | **358.36** | **373.80** | **49,746.17** | **2,798.17** | **656.72** |
| Additions during the year | - | - | 30.89 | - | 5,390.52 | 75.78 | 81.10 | 50.73 | 52.47 | 38.56 | 5,720.05 | 4,253.24 | 294.18 |
| Disposals | - | - | - | - | 96.07 | - | - | - | - | 10.20 | 106.27 | 6,014.23 | - |
| **At March 31, 2021** | **985.66** | **-** | **17,987.66** | **838.11** | **29,579.30** | **4,439.59** | **329.13** | **387.51** | **410.83** | **402.16** | **55,359.95** | **1,037.18** | **950.91** |
| **Depreciation and amortisation** | | | | | | | | | | | | | |
| **At March 31, 2020** | **-** | **-** | **2,001.70** | **34.48** | **4,819.76** | **823.55** | **29.56** | **112.86** | **160.56** | **105.42** | **8,087.88** | **-** | **68.46** |
| For the year | - | - | 725.08 | 4.72 | 1,910.81 | 439.71 | 25.87 | 68.37 | 84.62 | 47.65 | 3,306.83 | - | 165.14 |
| Disposals | - | - | - | - | 8.14 | - | - | - | - | 3.88 | 12.02 | - | - |
| **At March 31, 2021** | **-** | **-** | **2,726.78** | **39.20** | **6,722.42** | **1,263.26** | **55.43** | **181.23** | **245.18** | **149.19** | **11,382.69** | **-** | **233.61** |
| **Net book value** | | | | | | | | | | | | | |
| **At March 31, 2021** | **985.66** | **-** | **15,260.89** | **798.91** | **22,856.88** | **3,176.32** | **273.70** | **206.28** | **165.66** | **252.96** | **43,977.26** | **1,037.18** | **717.30** |
| **At March 31, 2020** | **985.66** | **-** | **15,955.07** | **803.63** | **19,465.09** | **3,540.26** | **218.47** | **223.93** | **197.80** | **268.38** | **41,658.29** | **2,798.17** | **588.26** |

1. Refer Note 13A & 15 for details of security of Property, plant and equipment subject to charge to secured borrowings.

2. For Property, plant and equipment existing as at April 01, 2017, i.e. date of transition to Ind AS, the Company has adopted Indian GAAP carrying values as deemed cost as permitted by Ind AS 101, First time adoption. Accordingly, the net written down value as per previous GAAP has been considered as deemed cost under Ind AS.

# Notes to the financial statements for the year ended 31st March 2021

(All amounts in ₹ lakhs, except for share data or as otherwise stated)

| 3 | Right-of-use asset | Leasehold Land | Buildings | Total |
|---|---|---|---|---|
| | **(A) At March 31, 2020** | **1,340.33** | **149.02** | **1,489.35** |
| | Additions during the year | - | 496.99 | 496.99 |
| | Disposals | - | - | - |
| | **At March 31, 2021** | **1,340.33** | **646.00** | **1,986.33** |
| | **(B) Accumulated depreciation and impairment** | - | - | - |
| | **At March 31, 2020** | **40.67** | **32.26** | **72.93** |
| | Depreciation expense | 13.08 | 59.89 | 72.97 |
| | **At March 31, 2021** | **53.75** | **92.15** | **145.90** |
| | **(C) Net Book Value** | | | |
| | **At March 31, 2021** | **1,286.57** | **553.85** | **1,840.42** |
| | **At March 31, 2020** | **1,299.65** | **116.76** | **1,416.40** |

**4 Loans**

| | 31-Mar-21 | 31-Mar-20 |
|---|---|---|
| **Non Current** | | |
| Security Deposit | 395.87 | 336.46 |
| | **395.87** | **336.46** |

The above does not include any amount due from directors or other officers of the company either severally or jointly with any other person nor any other loans are due from firms or private company in which any director is a partner, a director or a member.

| | | |
|---|---|---|
| **Of above :** | | |
| Loans considered good - Secured | - | - |
| Loans considered good - Unsecured | 395.87 | 336.46 |
| Loans wich have significant increase in credit risk | - | - |
| Loans - Credit impaired | - | - |
| | **395.87** | **336.46** |

**5 Deferred tax assets / Liabilities (net)**

| | 31-Mar-21 | 31-Mar-20 |
|---|---|---|
| Deferred tax liabilties (net) - refer note 28 | 5,031.58 | 3,772.53 |
| | **5,031.58** | **3,772.53** |

**6 Other Non current Assets**

| | 31-Mar-21 | 31-Mar-20 |
|---|---|---|
| Capital advances | 172.09 | 365.88 |
| Prepayment | 14.48 | 5.06 |
| | **186.56** | **370.95** |

# Notes to the financial statements for the year ended 31st March 2021

(All amounts in ₹ lakhs, except for share data or as otherwise stated)

## 7 Inventories

| | 31-Mar-21 | 31-Mar-20 |
|---|---|---|
| (At lower of cost and net realisable value) | | |
| Raw materials | 4,853.29 | 2,439.15 |
| Add: Raw materials in transit | - | - |
| Total Raw Material | 4,853.29 | 2,439.15 |
| Work-in-progress | 1,639.57 | 1,457.86 |
| Finished goods | 1,323.96 | 1,798.37 |
| Stores and Spares | 2,098.52 | 2,247.44 |
| Loose Tools | 520.02 | 447.83 |
| Others | 97.07 | 98.70 |
| | **10,532.42** | **8,489.34** |

**Notes**

i) The cost of inventories recongnised as an expense during the year has been disclosed in Note No: 20,21 and 25.

ii) There are no inventories expected to be liquidated after more than 12 months.

iii) No inventory has been written down to its net relaised value.

iv) The mode of valuation of invenotries has been stated in Note No: J of significant accounting policies.

## 8A Trade Receivables

| | 31-Mar-21 | 31-Mar-20 |
|---|---|---|
| **Current** | | |
| (a) Considered good - Secured | - | - |
| (b) Considered good - Unsecured | 13,804.23 | 6,063.61 |
| (c) Which have significant increase in Credit Risk | - | - |
| (d) Credit impaired | 225.56 | 344.50 |
| Less: Provision for doubtful debts | (225.56) | (344.50) |
| | **13,804.23** | **6,063.61** |

i) There average credit period for receivables is in the range of 0-90 days, No interest is charged on overdue receivables except for over due balances of related parties.

ii) The company's largest customer is Amara Raja Batteries Limited and amount of ₹ 3374.78 Lakhs is receivable from said customer as on 31st, March'2021 (as at 31st March'2020 ₹ 228.08 Lakhs).Further an amount of ₹ 4910.60 Lakhs (as at 31st Mar'2020 ₹ 1901.24 Lakhs) is due from customers who represent more than 5% of the total balance of trade receivables.

iii) The company has used a practical expedient by computing the expected credit loss allowance for doubtful trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience for forward-looking estimates. The expected loss allowance is based on the ageing of the receivables which are due and the rates used in the provision matrix.

iv) Dues from firms or private companies respectively in which any director is a partner, a director or a member. Refer Note 32.

v) For terms and conditions relating to related party receivables, refer note 32.

# Notes to the financial statements for the year ended 31st March 2021

(All amounts in ₹ lakhs, except for share data or as otherwise stated)

**Cash and cash equivalents and other bank balances**

**8B Cash and cash equivalents**

| | | 31-Mar-21 | 31-Mar-20 |
|---|---|---|---|
| | Balances with bank - in current accounts | 0.00 | 6.27 |
| | Cash on Hand | 0.84 | 5.08 |
| | | **0.84** | **11.35** |
| **8C** | **Other bank balances** | | |
| | Margin money deposits | 112.76 | 1,210.84 |
| | | **112.76** | **1,210.84** |
| | **Other Financial Asset (Unsecured and considered good)** | | |
| **8D** | **Current** | | |
| | Interest receivables | 69.27 | 233.71 |
| | | **69.27** | **233.71** |

| | | | |
|---|---|---|---|
| | **Break up of financial asset carried at amortised cost** | | |
| | | **31-Mar-21** | **31-Mar-20** |
| | Trade Receivables (Note No. 8A) | 13,804.23 | 6,063.61 |
| | Cash & cash equivalents (Note No.8B & 8C) | 113.61 | 1,222.19 |
| | Loans (Note No. 4) | 395.87 | 336.46 |
| | Other financial asset (Note No.8D) | 69.27 | 233.71 |
| | **Total financial asset carried at amortised cost** | **14,382.97** | **7,855.96** |

**9 Current Tax Asset**

| | 31-Mar-21 | 31-Mar-20 |
|---|---|---|
| Advance Tax (net of provision) | - | - |
| | - | - |
| | - | - |

**10 Other Current Asset**

| | 31-Mar-21 | 31-Mar-20 |
|---|---|---|
| i) Advances other than capital advances | | |
| - Material & Other advances | 1,280.00 | 437.75 |
| Prepayment | 72.93 | 146.45 |
| Balances with government authorities | 451.36 | 294.73 |
| | **1,804.29** | **878.93** |

# Notes to the financial statements for the year ended 31st March 2021
(All amounts in ₹ lakhs, except for share data or as otherwise stated)

## 11 Share Capital

| Authorised | 31-Mar-21 | 31-Mar-20 |
|---|---|---|
| 15,000,000 (31st March 2021: 15,000,000, 31 March 2020: 15,000,000) equity shares of ₹ 10 each | 1,500.00 | 1,500.00 |
| **Issued, Subscribed and paid up** | **31-Mar-21** | **31-Mar-20** |
| 13,903,877 (31st March 2021: 13,903,877, 31 March 2020: 13,903,877) equity shares of ₹ 10 each | 1,390.39 | 1,390.39 |

**a) Reconciliation of the shares outstanding at the beginning and end of the Year**

| Particulars | 31-Mar-21 | 31-Mar-20 |
|---|---|---|
| **Equity share capital** | | |
| Shares outstanding at the beginning of the year | 13,903,877 | 13,903,877 |
| Add : Further issue of shares on Rights basis | - | - |
| Less: Bought Back during the year | - | - |
| Shares outstanding at the end of the year | 13,903,877 | 13,903,877 |

**(b) Rights, preferences and restrictions attached to equity shares**

The Company has one class of equity shares having a face value of ₹ 10 per share. Each shareholder is eligible for one vote per share held. In the event of liquidation, the equity share holders are eligible to receive the remaining assets of the company after distribution of preferential amounts, in proportion to their shareholding.

**(c) Details of shareholders holding more than 5% of shares in the Company:**

| | 31 March 2021 | | 31 March 2020 | |
|---|---|---|---|---|
| | Number of shares | % of holding | Number of shares | % of holding |
| **Equity shares:** | | | | |
| RNGalla Family Private Limited | 13,903,877 | 100.00% | 13,903,877 | 100.00% |

d) The company is a wholly owned subsidary to RNGalla Family Private Limited.

e) None of the shares were issued in pursuant to contract without payment being received in cash.

f) No bonus shares were issued during the period of last five financial years.

## 12 Other Equity

| | Total |
|---|---|
| **As at 31 March 2020** | **30,950.00** |
| Profit for the year | 5,654.94 |
| Other comprehensive income | (53.25) |
| Cash dividend | (222.46) |
| **As at 31st March 2021** | **36,329.23** |

| Item of other comprehensive income | 31-Mar-21 | 31-Mar-20 |
|---|---|---|
| Opening balance | (333.80) | (216.04) |
| Remeasurement of defined benefit obligation(net of tax) | (53.25) | (117.76) |
| | **(387.05)** | **(333.80)** |

# Notes to the financial statements for the year ended 31st March 2021

(All amounts in ₹ lakhs, except for share data or as otherwise stated)

**i Capital Reserve**

The Company recognizes profit or loss on purchase, sale, issue or cancellation of the company's own equity instruments to capital reserve.

**ii Capital Redemption Reserve**

Capital Redemption Reserve is created out of securities premium account for the buy back of shares.

**iii Securities Premium Reserve**

Securities premium reserve 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.

**iv General Reserve**

Under the erstwhile Companies Act 1956, general reserve was created through an annual transfer of net income at a specified percentage in accordance with applicable regulations. Consequent to introduction of Companies Act 2013, the requirement to mandatorily transfer a specified percentage of the net profit to general reserve has been withdrawn. However, the amount previously transferred to the general reserve can be utilised only in accordance with the specific requirements of Companies Act, 2013.

**v Retained earnings**

Retained earnings represents the cumulative undistributed profits of the company and can be utilised in accordance with the provisions of the compnies Act,2013.

**vi. Distribution made and proposed**

| | 31-Mar-21 | 31-Mar-20 |
|---|---|---|
| **Cash dividend on equity share declared and proposed** | | |
| Dividend for the year ended 31 March 2020 and 31st March 2019 declared and distributed during the financial year 2020-21 and 2019-20 respectively. | 222.46 | 723.00 |
| DDT on final dividend | - | 148.62 |
| | **222.46** | **871.62** |

**Proposed dividends on Equity shares:**

The Board of Directors at its meeting held on 25.05.2021 have recommended a dividend of ₹ 6.10/- per equity share of face value of ₹ 10/- each for the Financial year ended March 31, 2021. The above is subject to approval at the ensuing Annual General Meeting of the Company and hence is not recognized as a liability.

## 13A Borrowings - Non current

| | 31-Mar-21 | 31-Mar-20 |
|---|---|---|
| **i) Secured** | | |
| a) Term Loans from bank | | |
| - State Bank of India | 4,120.00 | 7,515.80 |
| **ii) UnSecured** | | |
| a) Sales Tax Deferrment | 14.28 | 89.80 |
| b) Loan from related parties | | |
| - RN Galla Family Private Limited | 1,500.00 | 2,500.00 |
| - Harshavardhana Gourineni (MD and CEO) | 200.00 | 156.00 |
| | **5,834.28** | **10,261.60** |

# Notes to the financial statements for the year ended 31st March 2021

(All amounts in ₹ lakhs, except for share data or as otherwise stated)

**Details of Securities offered, Rate of Interest and Manner of repayment of above Term loans :**

| Name of the bank | Rate of interest | Repayment | Security |
|---|---|---|---|
| State Bank of India | 8.00% | Quarterly<br>2021-22 - 2115.80 | **Primary :**First parri passu charge on all fixed assets of the company Exclusive charge on all fixed assets and Plant and Machinery (Created out of bank finance) of the company.<br>1. EM of Factory Land & Building (Battery Components & Metal Frabrication SBU) at Karakambadi.<br>2. EM of Factory Land & Building(Battery Components & Auto components SBU) at Petamitta.<br>3. EM of Factory Land & Building (Storage Solutions SBU) at Tenepalli.<br>4. EM of First Charge of Leasehold rights on factory Land & building at ARGC, Nunegundlapalli.<br>Collateral :<br>(a) 2nd pari-passu charge on the entire fixed assets of the company.<br>(b) 2nd pari-passu charge on the current assets of the company along with ICICI Bank, Andhra Bank and City Bank.<br>Personal guarantee of Sri Jayadev Galla, Dr. G.Rama Devi and Smt.Padmavathi Galla. |
| State Bank of India | 7.15% | "Quarterly<br>2021-22 - 1280.00<br>2022-23 - 1280.00<br>2023-24 - 1280.00<br>2024 -25 -1280.00<br>2025 -26 - 280.00 | **Primary :** First parri passu charge on all fixed assets of the company<br>Exclusive charge on all fixed assets and Plant and Machinery (Created out of bank finance) of the company.<br>1. EM of Factory Land & Building (Battery Components & Metal Frabrication SBU) at Karakambadi.<br>2. EM of Factory Land & Building(Battery Components & Auto components SBU) at Petamitta.<br>3. EM of Factory Land & Building (Storage Solutions SBU) at Tenepalli.<br>4. EM of First Charge of Leasehold rights on factory Land & building at ARGC, Nunegundlapalli.<br>Collateral :<br>(a) 2nd pari-passu charge on the entire fixed assets of the company .<br>(b) 2nd pari-passu charge on the current assets of the company along with ICICI Bank, Andhra Bank and City Bank. Personal guarantee of Sri Jayadev Galla, Dr. G.Rama Devi and Smt.Padmavathi Galla.<br>Personal guarantee of Sri Jayadev Galla, Dr. G.Rama Devi and Smt.Padmavathi Galla. |

# Notes to the financial statements for the year ended 31st March 2021

(All amounts in ₹ lakhs, except for share data or as otherwise stated)

| Name of the bank | Rate of interest | Repayment | Security |
|---|---|---|---|
| State Bank of India | NA | Nil | Primary : Extension of First charge on current assets of company.<br>Collateral :<br>(a) 2nd pari-passu charge on the entire fixed assets of the company<br>(b) 2nd pari-passu charge on the current assets of the company along with ICICI Bank, Andhra Bank and City Bank.<br>Personal guarantee of Sri Jayadev Galla, Dr. G.Rama Devi and Smt.Padmavathi Galla. |

**The details of interest free sales tax deferement as follows:**

| | 31-Mar-21 | 31-Mar-20 |
|---|---|---|
| **Balance as at the beginning of the Year** | **89.80** | **93.77** |
| Repayments made during the year | 75.52 | 3.97 |
| **Closing balance as at the end of the Year** | **14.28** | **89.80** |
| Current portion in above balance | - | - |
| Non-current portion in above balance | **14.28** | **89.80** |

Note : No defaults were made in the repayment of above loans.

Unsecured loan from holding company RNGalla family Private Limited is replayable on or before 30th June 2022 and carry ROI @ 9%.

Unsecured loan from Managing Director Sri Harshavardhana Gourineni is replayable on or before 31st March 2023 and carry ROI @ 9%

## 13B Lease Liability

| | 31-Mar-21 | 31-Mar-20 |
|---|---|---|
| **Non current** | | |
| Lease Liability | 423.63 | 94.28 |
| | **423.63** | **94.28** |
| **Current** | | |
| Lease Liability | 147.38 | **29.78** |
| | **147.38** | **29.78** |

## 14 Provisions

| | 31-Mar-21 | 31-Mar-20 |
|---|---|---|
| **Non current** | | |
| Provision for employee benefits | | |
| - Gratuity | 198.12 | 164.82 |
| - Leave Encashment | 510.73 | 436.03 |
| | **708.85** | **600.86** |
| **Current** | | |
| Provision for employee benefits | | |
| - Gratuity | 81.17 | 84.32 |
| - Leave Encashment | 9.58 | 9.62 |
| | **90.74** | **93.94** |

# Notes to the financial statements for the year ended 31st March 2021

(All amounts in ₹ lakhs, except for share data or as otherwise stated)

**15 Current borrowings**

| | 31-Mar-21 | 31-Mar-20 |
|---|---|---|
| **Loan repayable on demand (from bank)** | | |
| **i) Secured** | | |
| (a) Bank overdrafts / Cash Credit | | |
| - State Bank of India | 2,727.97 | 1,540.04 |
| - Andhra Bank | 479.00 | 71.89 |
| - Citi Bank | 106.92 | 263.49 |
| - ICICI Bank | 1999.71 | - |
| (b) Current Maturities of long term loan | | |
| - State Bank of India | 3,595.80 | 4,214.00 |
| - Interest free sales tax deferrment | 75.52 | - |
| **Total current borrowing** | **8,984.92** | **6,089.41** |
| Less: Amount grouped under "Other current financial liabilities" | (3,671.32) | (4,214.00) |
| **Net Current Borrowings** | **5,313.60** | **1,875.41** |
| Aggregate secured borrowings | 13,029.40 | 13,605.21 |
| Aggregate unsecured borrowings | 1,789.80 | 2,745.80 |

**Details of Securities offered, Rate of Interest and Manner of repayment of above working capital loans :**

| Name of the bank | Rate of interest | Security |
|---|---|---|
| State Bank of India | MCLR + 0.50% (effective rate on 31st March 2021 is 7.10%) | **Primary :** (a) Pari-Passu first charge on all chargeable current assets of the company including Stocks and receivables along with Andhra Bank, CITI Bank and ICICI bank.Hypothecation of stock & Receivables.<br>Collateral :<br>(a) 2nd pari-passu charge on the entire fixed assets of the company.<br>(b) 2nd pari-passu charge on the current assets of the company along with ICICI Bank, Andhra Bank and City Bank.<br>Personal guarantee of Sri Jayadev Galla, Dr. G.Rama Devi and Smt.Padmavathi Galla. |
| Andhra Bank | MCLR + 0.8% (effective rate on 31st march 2021 is 8.05%) | **Primary :** (a) Pari-passu first charge on entire current assets of the Company along (Both Present and Future)<br>Collateral :<br>(a) 2nd pari-passu charge on the fixed assets of the company (present and future) along with State Bank of India,ICICI Bank and City Bank excluding the value of term loans financed by other lenders. |

# Notes to the financial statements for the year ended 31st March 2021

(All amounts in ₹ lakhs, except for share data or as otherwise stated)

| Name of the bank | Rate of interest | Security |
|---|---|---|
| CITI BANK | 8.30% | **Primary :** (a) First Pari Passu Charge on Present and Future current assets of the borrower.<br>Collateral :<br>Second Paripassu charge on the present and future fixed assets of the borrower<br>1. Factory Land & Building (Battery Components & Metal Frabrication SBU) at Karakambadi.<br>2. Factory Land & Building(Battery Components & Auto components SBU) at Petamitta.<br>3. Factory Land & Building (Storage Solutions SBU) at Tenepalli.<br>4. Leasehold rights on factory Land & building at ARGC,Nunegundlapalli.<br>Demand promissory note and letter of Contuinity of facility value Personal gurantee of Dr. Ramachandra N Galla & Mr. Harshavardhana Gourineni. |
| ICICI BANK | WCDL - 7.15%<br>CC - 7.60% | Primary :(a) First Pari Passu Charge on entire current assets of the borrower.<br>Collateral :<br>Second Paripassu charge on the movable and immovable fixed assets of the borrower. |

## 16A Trade payables

| | 31-Mar-21 | 31-Mar-20 |
|---|---|---|
| Trade payables | | |
| - Outstanding dues to micro enterprises and small enterprises | 230.60 | 833.44 |
| - Outstanding dues to creditors other than micro enterprises and small enterprises | 11,660.04 | 8,025.76 |
| | **11,890.64** | **8,859.20** |

Terms and conditions of the above financial liabilities:

**Trade payables are non-interest bearing and are normally settled on 0 - 120 day terms.**

For terms with related parties, Refer note 32.

**Note forming part of accounts in relation to Micro, Small and Medium Enterprises**

| | 31-Mar-21 | 31-Mar-20 |
|---|---|---|
| (a) the principal amount remaining unpaid to any supplier at the end of each accounting year; | 230.60 | 833.44 |
| (b) the interest due thereon remaining unpaid to any supplier at the end of each accounting year; | 3.10 | 3.83 |
| (c) the amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 (27 of 2006), along with the amount of the payment made to the supplier beyond the appointed day during each accounting year; | - | - |

# Notes to the financial statements for the year ended 31st March 2021

(All amounts in ₹ lakhs, except for share data or as otherwise stated)

## 16A Trade payables

| | 31-Mar-21 | 31-Mar-20 |
|---|---|---|
| (d) the amount of interest due and payable for the period of delay in making payment ( which has been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006; | - | - |
| (e) the amount of interest accrued and remaining unpaid at the end of each accounting year; and | 3.10 | 3.83 |
| (f) the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006. | 3.10 | 3.83 |

## 16B Other Financial Liabilities

| | 31-Mar-21 | 31-Mar-20 |
|---|---|---|
| **Current** | | |
| Interest accrued due on borrowing | 50.28 | 105.43 |
| Employees dues payable | 827.21 | 597.07 |
| Capital Creditors | 551.35 | 459.66 |
| Current maturity of non current borrowings (refer note 15) | 3,671.32 | 4,214.00 |
| Freight & other payables | 181.32 | 133.25 |
| | **5,281.50** | **5,509.40** |
| **Break up of financial liabilities carried at amortised cost** | | |
| | **31-Mar-21** | **31-Mar-20** |
| Borrowings (Note No. 13A and 15) | 14,819.20 | 16,351.02 |
| Trade Payables (Note No.16A) | 11,890.64 | 8,859.20 |
| Other financial liabilities (Note No.16B) | 1,610.17 | 1,295.40 |
| | **28,320.02** | **26,505.62** |

## 9 Current tax liabilities

| | 31-Mar-21 | 31-Mar-20 |
|---|---|---|
| Current tax liabilities (Net of taxes Paid ) | 285.31 | 74.81 |
| | **285.31** | **74.81** |

## 17 Other liabilities

| | 31-Mar-21 | 31-Mar-20 |
|---|---|---|
| **Current** | | |
| Advance from customers | 1,029.14 | 384.66 |
| Statutory liabilities | 722.15 | 159.43 |
| | **1,751.29** | **544.10** |

# Notes to the financial statements for the year ended 31st March 2021

(All amounts in ₹ lakhs, except for share data or as otherwise stated)

### 18 Revenue from Operations

| | 31-Mar-21 | 31-Mar-20 |
|---|---|---|
| Sale of products | 90,951.39 | 80,815.70 |
| Sale of services | 720.25 | 674.49 |
| Other operating revenues | 838.46 | 449.09 |
| | **92,510.09** | **81,939.28** |

### 18.1 Disaggregated revenue information

| | 31-Mar-21 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | **Battery Components** | **Auto Components** | **Metal Fabrication** | **Storage Solutions** | **Custom Fabrication** | **Tool works** | **Trading** | **Total** |
| Sales of products | 59,427.56 | 8,587.83 | 9,545.17 | 4,823.81 | 2,532.49 | 1,040.88 | 4,993.66 | **90,951.39** |
| Sale of services | 39.87 | 4.89 | 0.00 | 610.57 | 17.81 | 47.10 | **-** | **720.25** |
| Other operating revenues | 461.04 | 97.78 | 220.77 | 51.40 | 5.65 | 1.83 | **-** | **838.46** |
| **Total Revenue from contract with customer** | **59,928.47** | **8,690.49** | **9,765.94** | **5,485.79** | **2,555.95** | **1,089.81** | **4,993.66** | **92,510.09** |
| India | 59,054.42 | 8,671.95 | 9,588.95 | 5,485.79 | 2,555.95 | 1,048.76 | **4,993.66** | **91,399.48** |
| Outside India | 874.05 | 18.54 | 176.98 | - | - | 41.05 | **-** | **1,110.61** |
| | **59,928.47** | **8,690.49** | **9,765.94** | **5,485.79** | **2,555.95** | **1,089.81** | **4,993.66** | **92,510.09** |

| | 31-Mar-20 | | | | | | |
|---|---|---|---|---|---|---|---|
| | **Battery Components** | **Auto Components** | **Metal Fabrication** | **Storage Solutions** | **Custom Fabrication** | **Toolworks** | **Total** |
| Sales of products | 56,850.88 | 6,194.23 | 9,325.19 | 4,840.92 | 2,900.28 | 704.22 | **80,815.71** |
| Sale of services | - | 60.67 | - | 539.72 | - | 74.10 | **674.49** |
| Other operating revenues | 65.42 | 63.57 | 254.69 | 52.93 | 12.47 | - | **449.09** |
| **Total Revenue from contract with customer** | **56,916.30** | **6,318.47** | **9,579.88** | **5,433.57** | **2,912.75** | **778.31** | **81,939.28** |
| India | 56,489.94 | 6,318.47 | 9,573.53 | 5,433.57 | 2,912.75 | 778.31 | **81,506.56** |
| Outside India | 426.37 | - | 6.36 | - | - | - | **432.72** |
| | **56,916.30** | **6,318.47** | **9,579.88** | **5,433.57** | **2,912.75** | **778.30** | **81,939.28** |

### 19 Other Income

| | 31-Mar-21 | 31-Mar-20 |
|---|---|---|
| Interest income on | | |
| - Bank and other deposits (At amortized cost) | 143.14 | 208.21 |
| Gain on Foreign Currency Transactions | 105.05 | 80.58 |
| Profit on sale of Assets | 22.28 | - |
| Provision for doubteful Advances no longer required credit back | 183.45 | - |
| Provision for doubteful debts no longer required credit back | 118.95 | - |
| Sale of non process scrap | 9.52 | 81.35 |
| Miscellaneous Income | 5.49 | 42.93 |
| | **587.88** | **413.07** |

# Notes to the financial statements for the year ended 31st March 2021

(All amounts in ₹ lakhs, except for share data or as otherwise stated)

## 20 Cost of material consumed

| | 31-Mar-21 | 31-Mar-20 |
|---|---|---|
| Inventory at beginning of the year | 2,439.15 | 3,185.39 |
| Add: Purchases | 57,575.68 | 52,024.28 |
| Add: Purchases of Stock in Trade | 4,947.96 | 376.22 |
| Less: Inventory at end of the year | 4,853.29 | 2,439.15 |
| Cost of material consumed | **60,109.49** | **53,146.74** |

## 21 Changes in inventories of finished goods, work-in-progress and stock- in-trade

| | 31-Mar-21 | 31-Mar-20 |
|---|---|---|
| **Work-in-process** | | |
| Opening stock | 1,457.86 | 1,419.59 |
| Less: Closing stock | (1,639.57) | (1,457.86) |
| | (181.71) | (38.27) |
| **Finished goods** | | |
| Opening stock | 1,798.37 | 1,765.08 |
| Less: Closing stock | (1,323.96) | (1,798.37) |
| | 474.41 | (33.28) |
| | **292.70** | **(71.55)** |

## 22 Employee benefits expense

| | 31-Mar-21 | 31-Mar-20 |
|---|---|---|
| Salary, wages, and bonus | 7,858.96 | 7,413.40 |
| Contribution to provident fund and other funds | 955.79 | 888.32 |
| Staff welfare expenses | 1,100.80 | 977.68 |
| | **9,915.54** | **9,279.40** |

## 23 Finance Costs

| | 31-Mar-21 | 31-Mar-20 |
|---|---|---|
| Interest expense | | |
| Term loans | 845.57 | 1,115.61 |
| Working capital facilities | 310.66 | 379.27 |
| Other borrowing cost | 16.62 | 103.68 |
| Bank charges | 50.12 | 65.25 |
| | **1,222.97** | **1,663.81** |

## 24 Depreciation and amortization expense

| | 31-Mar-21 | 31-Mar-20 |
|---|---|---|
| Depreciation of property, plant and equipment | 3,379.14 | 3,077.55 |
| Amortisation of intangible assets | 165.14 | 46.84 |
| | **3,544.28** | **3,124.39** |

# Notes to the financial statements for the year ended 31st March 2021

(All amounts in ₹ lakhs, except for share data or as otherwise stated)

## 25 Other Expenses

| | 31-Mar-21 | 31-Mar-20 |
|---|---|---|
| Stores and spares consumed | 2,098.11 | 1,783.98 |
| Power and fuel | 2,540.27 | 2,334.06 |
| Insurance | 142.42 | 87.58 |
| Repairs and maintenance: | | |
| Machinery | 1,175.19 | 1,163.68 |
| Buildings | 64.65 | 40.86 |
| Others | 304.45 | 135.72 |
| Other manufacturing expenses | 514.46 | 357.80 |
| Payment to auditors | 9.50 | 10.00 |
| Sales expenses | - | 45.12 |
| Freight outward | 814.06 | 509.55 |
| Business Promotion Expense | 31.34 | 38.57 |
| Remuneration & sitting fees to Non executive Directors | 3.28 | 3.03 |
| Donations | 57.51 | 38.12 |
| CSR expenditure (refer note below) | 127.53 | 125.92 |
| Electricity Charges | 5.77 | 6.97 |
| Office maintenance | 27.41 | 149.42 |
| Printing & Stationary | 44.78 | 87.27 |
| Consultancy & Professional Charges | 210.83 | 204.03 |
| Rates, Taxes & License | 73.08 | 44.41 |
| Rent | 204.33 | 162.72 |
| Telephone Expense | 58.14 | 42.19 |
| Staff Training Expense | 58.43 | 51.58 |
| Travel and conveyance | 312.77 | 501.98 |
| Bad and Doubtful advances written off | 183.45 | - |
| Asset written off | - | 103.91 |
| Provision for doubtful debts (net) | - | 216.28 |
| Loss on sale of property, plant and equipment (net) | - | 11.87 |
| Miscellaneous expenses | 341.18 | 408.70 |
| | **9,402.93** | **8,665.33** |

## 26 Details of CSR expenditure

| | | 31-Mar-21 | | 31-Mar-20 |
|---|---|---|---|---|
| a) | Gross amount required to be spent by the company during the year | 127.53 | | 125.92 |
| | | In cash | Yet to be paid in cash | Total |
| b) | Amount spent during the year ending on 31st March, 2021: | | - | |
| | i) Construction/acquisition of any asset | 127.53 | - | 127.53 |
| | ii) On purposes other than (i) above | - | - | - |
| c) | Amount spent during the year ending on 31st March, 2020: | | - | |
| | i) Construction/acquisition of any asset | 121.92 | - | 121.92 |
| | ii) On purposes other than (i) above | 4.00 | - | 4.00 |

# Notes to the financial statements for the year ended 31st March 2021

(All amounts in ₹ lakhs, except for share data or as otherwise stated)

**27 Components of other comprehensive income**

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

| | 31-Mar-21 | 31-Mar-20 |
|---|---|---|
| Re-measurement losses on defined benefit plans | (81.85) | (181.01) |
| Deferred tax on remeasured loss | 28.60 | 63.25 |
| | **(53.25)** | **(117.76)** |

**28 Income Tax**

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

| | 31-Mar-21 | 31-Mar-20 |
|---|---|---|
| **Profit or loss Section** | | |
| Current tax | 1,675.00 | 1,190.00 |
| Deferred tax | 1,280.13 | 908.63 |
| **Income tax expense reported in statement of profit and loss** | **2,955.13** | **2,098.63** |
| **OCI Section** | | |
| Deferred tax on Net loss on remeasurement of defined benefit plans | 28.60 | 63.25 |
| **Income tax charged to OCI** | **28.60** | **63.25** |

**Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for the year ended 31 March 2021 and 31 March 2020:**

| | 31-Mar-21 | 31-Mar-20 |
|---|---|---|
| Accounting profit before tax | 8,610.07 | 6,544.23 |
| Enacted Tax Rates in India ( Under MAT) | 26.39% | 17.47% |
| Tax at statutory income tax rate | 2,272.12 | 1,143.41 |
| Less: Tax effects of expenses which are not deductible in determining taxable profit | | |
| Depreciation difference | 455.20 | - |
| Expenses(net of Income) not deductible for tax purposes | 120.32 | (78.22) |
| Tax on Ind AS adjustments | 21.60 | 31.63 |
| **Income tax expense reported in the statement of profit and loss** | **1,675.00** | **1,190.00** |

**Deferred tax**

| | 31-Mar-21 | 31-Mar-20 |
|---|---|---|
| Deferred tax liabilties (net) | 5,031.58 | 3,772.53 |
| **Deferred tax liabilties (net)** | **5,031.58** | **3,772.53** |

# Notes to the financial statements for the year ended 31st March 2021

(All amounts in ₹ lakhs, except for share data or as otherwise stated)

| 2020-2021 | Opening balance | Recognised in Statement of profit and loss | Recognised in other comprehensive income | Closing balance |
|---|---|---|---|---|
| **Deferred tax (liabilities) /assets in relation to:** | | | | |
| Property, plant and equipment | (4,833.79) | (613.92) | - | (5,455.23) |
| Disallowances under Income Tax Act, 1961, allowed on payment basis | 1.41 | 64.02 | - | 65.42 |
| Post employment benefits - Gratuity & leave encashment | 242.79 | 8.02 | 28.60 | 279.41 |
| Provision for doubtful debts and advances | 139.68 | (60.86) | - | 78.82 |
| Minimum alternate tax | 677.38 | (677.38) | - | - |
| | **(3,772.53)** | **(1,280.13)** | **28.60** | **(5,031.58)** |

| 2019-2020 | Opening balance | Recognised in Statement of profit and loss | Recognised in other comprehensive income | Closing balance |
|---|---|---|---|---|
| **Deferred tax (liabilities) /assets in relation to:** | | | | |
| Property, plant and equipment | (3,961.34) | (873.16) | - | (4,833.79) |
| Disallowances under Income Tax Act, 1961, allowed on payment basis | 56.88 | (55.47) | - | 1.41 |
| Post employment benefits - Gratuity & leave encashment | 169.04 | 10.50 | 63.25 | 242.79 |
| Provision for doubtful debts and advances | 45.21 | 94.48 | - | 139.68 |
| Minimum alternate tax | 762.35 | (84.97) | - | 677.38 |
| | **(2,927.86)** | **(908.63)** | **63.25** | **(3,772.53)** |

**29 Earnings per share**

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

| | 31-Mar-21 | 31-Mar-20 |
|---|---|---|
| Profit for the year | 5,654.94 | 4,445.60 |
| Profit attributable to equity holders for basic earnings | 5,654.94 | 4,445.60 |
| Weighted average number of equity shares during the year | 13,903,877 | 13,903,877 |
| Weighted average number of equity shares in calculating basic and diluted EPS | 13,903,877 | 13,903,877 |
| Earnings Per Share (Basic and Diluted) | 40.67 | 31.97 |

**30 Significant accounting judgements, estimates and assumptions**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and 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.

**Estimates and assumptions**

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

# Notes to the financial statements for the year ended 31st March 2021

(All amounts in ₹ lakhs, except for share data or as otherwise stated)

**Impairment of non-financial assets**

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

**Taxes**

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.

**Fair value measurement of financial instruments**

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement 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.

**Defined benefit plans**

The cost of the defined benefit gratuity plan and other accumulated leave entitlement and the present value of the gratuity obligation and accumulated leave obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its longterm nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. The parameter most subject to change is the discount rate. In determining the appropriate discount rate, the management considers the interest rates of government bonds. The mortality rate is based on publicly available mortality tables. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates. Further details about gratuity obligations are given in Note 28.

**Depreciation on property, plant and equipment**

Depreciation on property, plant and equipment is calculated on a straight-line basis based on the useful lives estimated by the management. The management believes that useful lives currently used fairly reflect its estimate of the useful lives and residual values of property, plant and equipment, though these in certain cases are different from lives prescribed under Schedule II of the Companies Act, 2013.

**Inventories**

The Company estimates the net realisable value (NRV) of its inventories by taking into account their estimated selling price, estimated cost of completion, estimated costs necessary to make the sale, obsolescence by applying certain percentages over different age category of such inventories, expected loss rate considering the past trend and future outlook. Inventories are written down to NRV where such NRV is lower than their cost.

**Estimation of uncertainty relating to COVID-19 outbreak**

The Management has considered the possible effects that may arise out of the COVID-19 pandemic in concluding on significant accounting judgments and estimates, inter-alia, recoverability of receivables, inventory and other assets, based on the information available to date, both internal and external, to the extent relevant, while preparing these financial statements as of and for the year ended March 31, 2021. There is no material impact on these financial statements for the year ended March 31, 2021 owing to the pandemic. The eventual outcome of impact of the COVID-19 pandemic may be different from those estimated as on the date of approval of these financial statements.

# Notes to the financial statements for the year ended 31st March 2021

(All amounts in ₹ lakhs, except for share data or as otherwise stated)

**31 Gratuity and other post-employment benefit plans**

**(a) Defined contribution plan**

The following amount recognised as an expense in Statement of profit and loss on account of provident fund and other funds. There are no other obligations other than the contribution payable to the respective authorities.

| | 31-Mar-21 | 31-Mar-20 |
|---|---|---|
| Contribution to provident fund,Super Annuation fund and ESI recognised as expense in the Statement of Profit and Loss | 801.13 | 776.66 |

**(b) Defined benefit plan**

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of continuous service gets a gratuity on retirement at 15 days last drawn basic salary for each completed year of service. The scheme is funded with an insurance Company in the form of a qualifying insurance policy.

The following table's summaries the components of net benefit expense recognised in the Statement of profit and loss and the funded status and amounts recognised in the balance sheet for the gratuity plan:

**Risk Management :**

**Investment risk** - The probability or likelihood of occurrence of losses relative to the expected return on any particular investment.

**Interest rate risk** - The plan exposes the Company to the risk of fall in interest rates. A fall in interest rates will result in an increase in the ultimate cost of providing the above benefit and will thus result in an increase in the value of the liability.

**Longetivity risk** - The present value of defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

**Salary risk** - The present value of the defined benefit plan is calculated with reference to the future salaries of participants under the plan. Increase in salary due to adverse inflationary pressures might lead to higher liabilities.

**Statement of profit and loss**

| | 31-Mar-21 | 31-Mar-20 |
|---|---|---|
| **Net employee benefit expense recognised in the employee cost** | | |
| Current service cost | 122.32 | 93.64 |
| Interest cost on defined benefit obligation | 12.82 | 12.06 |
| **Net benefit expense** | **135.14** | **105.71** |
| Re measurement during the period/year due to : | | |
| Actuarial loss / (gain) arising from change in experience | 70.92 | 182.71 |
| Return on plan assets excluding interest income | 10.94 | -1.70 |
| **Amount recognised in OCI outside profit and loss statement** | **81.85** | **181.01** |

**Details of the employee benefits obligations and plan assets are as follows:**

| | 31-Mar-21 | 31-Mar-20 |
|---|---|---|
| Present Value of Defined Benefit Obligation | 1,279.17 | 1,059.10 |
| Fair Value of Plan Assets | 999.88 | 809.95 |
| **Net defined benefit liability** | **279.29** | **249.15** |

# Notes to the financial statements for the year ended 31st March 2021
(All amounts in ₹ lakhs, except for share data or as otherwise stated)

**Change in fair value of plan assets during the year**

| | 31-Mar-21 | 31-Mar-20 |
|---|---|---|
| Fair Value of Plan Assets at the beginning of the year | 809.95 | 561.36 |
| Transfer out | (10.94) | (5.72) |
| Past service cost | - | - |
| Interest Income | 59.09 | 44.77 |
| Contributions paid by the employer | 186.86 | 229.42 |
| Benefits paid | (45.09) | (21.56) |
| Return on plan assets excluding interest income | - | 1.70 |
| **Fair Value of Plan Assets at the end of the year** | **999.88** | **809.95** |

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

| | 31-Mar-20 | 31-Mar-19 |
|---|---|---|
| Defined benefit obligation at the beginning of the year | 1,059.10 | 753.20 |
| Current service cost | 122.32 | 93.64 |
| Past service cost | - | - |
| Interest cost | 71.91 | 56.83 |
| Transfer Out | - | (5.72) |
| Re measurement during the period due to : | | |
| Actuarial loss/(gain) arising on account of experience Changes | 70.92 | 182.71 |
| Benefits paid | (45.09) | (21.56) |
| **Defined benefit obligation at the end of the year** | **1,279.17** | **1,059.10** |

**The principal assumptions used in determining gratuity benefit obligation for the Company's plans are shown below:**

| | 31-Mar-21 | 31-Mar-20 |
|---|---|---|
| Discount rate (p.a.) | 6.79% | 6.81% |
| Salary escalation rate (p.a.) | 7.00% | 7.00% |

**The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:**

| | 31-Mar-21 | 31-Mar-20 |
|---|---|---|
| Funded with Life Insurance Corporation of India | 100.00% | 100.00% |

**Sensitivity analysis**

The sensitivity of the overall plan obligations to changes in the weighted key assumptions are:

| | 31-Mar-21 | 31-Mar-20 |
|---|---|---|
| **Discount rate** | | |
| Impact of Increase by 1% | (172.72) | (147.14) |
| Impact of Decrease by 1% | 211.36 | 180.45 |
| **Salary Escalation rate** | | |
| Salary Escalation rate | 202.94 | 174.73 |
| Impact of Decrease by 1% | (170.95) | (145.66) |

# Notes to the financial statements for the year ended 31st March 2021

(All amounts in ₹ lakhs, except for share data or as otherwise stated)

**Maturity analysis**

Maturity profile of defined benefit obligation:

| | 31-Mar-21 | 31-Mar-20 |
|---|---|---|
| Within 1 year | 6.17 | 9.32 |
| 1-2 year | 15.93 | 5.17 |
| 2-3 year | 11.27 | 13.73 |
| 3-4 year | 75.73 | 9.82 |
| 4-5 year | 53.01 | 67.55 |
| 5-10 year | 355.33 | 310.47 |
| > 10 Year | 761.73 | 643.04 |
| **Total expected payments** | **1,279.17** | **1,059.10** |

The Company expects to contribute INR 200 Lacs to its defined benefit plans during the next financial year.

**32 Related party transactions**

**(a) Nature of relationship and names of related parties**

**Entity with control:**

RNGalla Family Private Limited, Holding company

**Key Management Personnel**

Sri Harshavardhana Gourineni, Managing Director and Chief Executive Officier

**Relative of Key Management Personnel**

Dr. G. Ramadevi, Mother of Sri Harshavardhana Gourineni

**Enterprise on which Key Management Personnel or their relatives have significant influence**

Amara Raja Batteries Limited

Amara Raja Power System Limited

Amara Raja Electronics Limited

Amara Raja Infra Private Limited

Amara Raja Industrial Service Private Limited

Rajanna Trust

Krishnadevaraya Educational and Cultural Association

**(b) Transactions with the related parties during the year**

| | 31-Mar-21 | 31-Mar-20 |
|---|---|---|
| **Remuneration** | | |
| Sri Harshavardhana Gourineni | 449.03 | 335.07 |
| **Lease Rents** | | |
| Amara Raja Batteries Limited | 3,962.95 | 3,885.52 |
| **Donations** | | |
| Rajanna Trust | 180.05 | 121.92 |
| Krishnadevaraya Educational and Cultural Association | 5.00 | 4.00 |
| **Reimbursements for expenses - Paid to** | | |
| Amara Raja Batteries Limited | 1,115.57 | 1,177.26 |
| Amara Raja Power Systems Limited | 156.96 | 173.89 |

# Notes to the financial statements for the year ended 31st March 2021

(All amounts in ₹ lakhs, except for share data or as otherwise stated)

**(b) Transactions with the related parties during the year**

| | 31-Mar-21 | 31-Mar-20 |
|---|---|---|
| RNGalla Family Private Limited | 71.05 | 202.75 |
| **Reimbursements for expenses - Received from** | | |
| Amara Raja Batteries Limited | - | 4.30 |
| Amara Raja Electronics Limited | - | - |
| Amara Raja Power Systems Limited | - | 0.11 |
| Amara Raja Infra Private Limited | 0.22 | 0.32 |
| RNGalla Family Private Limited | 250.47 | 132.59 |
| **Sale of goods/services** | | |
| Amara Raja Batteries Limited | 85,235.60 | 82,556.23 |
| Amara Raja Electronics Limited | 27.77 | 484.76 |
| Amara Raja Power Systems Limited | 1,611.91 | 1,179.57 |
| Amara Raja Infra Private Limited | 235.91 | 478.00 |
| Amara Raja Blaze Technologies Pvt Limited | 20.26 | - |
| RNGalla Family Private Limited | 142.54 | 199.26 |
| **Purchase of goods/services** | | |
| Amara Raja Batteries Limited | 56.12 | 44.03 |
| Amara Raja Infra Private Limited | 1,715.29 | 1,613.02 |
| G2H Health Care Private Ltd | 1.42 | - |
| RNGalla Family Private Limited | 0.13 | 0.39 |
| **Purchase of Capital goods/services** | | |
| Amara Raja Infra Private Limited | 104.29 | 409.97 |
| Amara Raja Power Systems Limited | - | 156.51 |
| **Interest Income** | | |
| Amara Raja Power Systems Limited | 60.67 | 104.80 |
| Amara Raja Electronics Limited | 25.47 | 77.25 |
| RNGalla Family Private Limited | 34.87 | 14.02 |
| Amara Raja Infra Private Limited | 3.92 | - |
| **Interest expense** | | |
| Amara Raja Batteries Limited | 43.11 | 65.31 |
| Amara Raja Infra Private Limited | 4.25 | - |
| Amara Raja Power Systems Limited | - | 1.99 |
| RNGalla Family Private Limited | 10.04 | 10.69 |
| Sri Harshavardhana Gourineni | 19.05 | 12.50 |
| **Dividends Paid** | | |
| RNGalla Family Private Limited (DDT Excluded) | 222.46 | 723.00 |
| **Unsecured Loans** | | |
| RNGalla Family Private Limited | 1,500.00 | 4,500.00 |
| Sri Harshavardhana Gourineni | 100.00 | 56.00 |

| | | |
|---|---|---|
| **(c ) Balances with the related parties** | | |
| **Remuneration Payable** | | |
| Sri Harshavardhana Gourineni | 371.63 | 158.21 |
| **Lease Rents payable** | | |

# Notes to the financial statements for the year ended 31st March 2021

(All amounts in ₹ lakhs, except for share data or as otherwise stated)

**(b) Transactions with the related parties during the year**

| | 31-Mar-21 | 31-Mar-20 |
|---|---|---|
| Amara Raja Batteries Limited | 1,190.78 | 987.26 |
| **Reimbursement of expenses payable** | | |
| Amara Raja Batteries Limited | 194.15 | 126.85 |
| Amara Raja Power Systems Limited | 56.42 | 50.30 |
| RNGalla Family Private Limited | 8.79 | - |
| **Reimbursement of expenses receivable** | | |
| Amara Raja Electronics Limited | - | - |
| Amara Raja Infra Private Limited | 0.22 | 0.32 |
| RNGalla Family Private Limited | 130.27 | 188.60 |
| **Trade receivables** | | |
| Amara Raja Batteries Limited | 3,374.78 | 228.08 |
| Amara Raja Electronics Limited | 175.97 | 372.07 |
| Amara Raja Power Systems Limited | 647.87 | 762.67 |
| Amara Raja Infra Private Limited | 61.88 | 115.64 |
| Amara Raja Blaze Technologies Pvt Limited | 21.94 | - |
| RNGalla Family Private Limited | 86.98 | 165.23 |
| **Advances against supply of goods or services** | | |
| Amara Raja Batteries Limited | 340.64 | 134.82 |
| **Trade Payables** | | |
| Amara Raja Batteries Limited | 0.13 | 461.64 |
| Amara Raja Infra Private Limited | 125.10 | - |
| G2H Health Care Private Ltd | 0.14 | - |
| RNGalla Family Private Limited | 0.13 | 0.07 |
| **Creditor for capital goods** | | |
| Amara Raja Infra Private Limited | 26.57 | 135.73 |
| **Interest Payable** | | |
| Amara Raja Batteries Limited | 1.75 | 2.69 |
| Amara Raja Power Systems Limited | - | 1.81 |
| RNGalla Family Private Limited | - | 3.38 |
| **Unsecured Loans** | | |
| RNGalla Family Private Limited | 1,500.00 | 2,500.00 |
| Sri Harshavardhana Gourineni | 200.00 | 156.00 |
| **Interest receivable** | | |
| Amara Raja Electronics Limited | 29.67 | 31.30 |
| Amara Raja Power Systems Limited | 66.35 | 187.65 |
| RNGalla Family Private Limited | - | 1.24 |

The transactions with related parties are made on terms equivalent to those that prevail in arm’s length transactions. Outstanding balances other than borrowings at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 March 2021, the Group has not recorded any impairment of receivables relating to amounts owed by related parties (31 March 2020: INR Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

# Notes to the financial statements for the year ended 31st March 2021

(All amounts in ₹ lakhs, except for share data or as otherwise stated)

**33 Contingent Liabilities and commitments**

| | | 31-Mar-21 | 31-Mar-20 |
|---|---|---|---|
| **A.** | **Contingent Liabilities** | | |
| | Claims against the company not acknowledged as debts | | |
| | i) Excise duty/Service Tax/Custom Duty | 237.52 | 237.52 |
| | ii) Sales Tax | 39.78 | 39.78 |
| | The Company has assessed that it is only possible, but not probable, that outflow of economic resources will be required | | |
| **B.** | **Commitments** | | |
| | Estimated amount of contract remaining to be executed on capital account and not provided for | 6,176.98 | 4,179.22 |

**34 Segment Reporting**

Identifications of Segments

The chief operational decision maker monitors the operating results of its business segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the financial statements.

For management purposes, the company is organised into business units based on its products and services and has four reportable segments, as follows:

i. Battery Components

ii Auto Components

iii Metal Fabrication

iv Storage Solutions

v Custom Fabrication

vi Toolworks

vii Trading

The Executive Management Committee monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the financial statements.

| Year end 31 March 2021 | Battery Components | Auto Components | Metal Fabrication | Storage Solutions | Custom Fabrication | Toolworks | Trading | Total |
|---|---|---|---|---|---|---|---|---|
| **Revenue from operations** | 59,928.47 | 8,690.49 | 9,765.94 | 5,485.79 | 2,555.95 | 1,089.81 | 4,993.66 | **92,510.09** |
| Less: Inter-segment revenue | - | - | - | - | | - | | - |
| **Revenue from operations** | **59,928.47** | **8,690.49** | **9,765.94** | **5,485.79** | **2,555.95** | **1,089.81** | **4,993.66** | **92,510.09** |
| Segment profit | 10,766.06 | 633.44 | 450.84 | 329.00 | 482.67 | 109.77 | 307.08 | 13,078.86 |

# Notes to the financial statements for the year ended 31st March 2021

(All amounts in ₹ lakhs, except for share data or as otherwise stated)

| Year end 31 March 2021 | Battery Components | Auto Components | Metal Fabrication | Storage Solutions | Custom Fabrication | Toolworks | Trading | Total |
|---|---|---|---|---|---|---|---|---|
| Less: Selling and other unallocable expense | | | | | | | | 4,468.80 |
| **Profit before tax** | | | | | | | | **8,610.07** |
| Tax expense | | | | | | | | 2,955.13 |
| **Profit after tax** | | | | | | | | **5,654.94** |
| Segment Assets | 30,754.92 | 18,696.59 | 8,309.59 | 8,655.74 | 742.68 | 1,796.87 | 3405.89 | 72,362.29 |
| Add: Other unallocable assets | - | - | - | - | - | - | | 2,116.13 |
| **Total Assets** | **30,754.92** | **18,696.59** | **8,309.59** | **8,655.74** | **742.68** | **1,796.87** | **3,405.89** | **74,478.41** |
| Segment liabilities | 7,805.30 | 8,865.87 | 2,662.44 | 1,945.93 | 743.62 | 216.11 | 29.08 | 22,268.36 |
| Add: Other unallocable liabilities | - | - | - | - | - | - | - | 14,490.44 |
| **Total Liabilities** | 7,805.30 | 8,865.87 | 2,662.44 | 1,945.93 | 743.62 | 216.11 | 29.08 | 36,758.80 |
| Segment depreciation | 1,695.24 | 685.49 | 311.51 | 240.62 | 49.00 | 98.45 | - | 3,080.32 |
| Add: Depreciation on other asset | - | - | - | - | | - | - | 463.96 |
| **Total depreciation** | **1,695.24** | **685.49** | **311.51** | **240.62** | **49.00** | **98.45** | **-** | **3,544.28** |

**Year end 31 March 2020**

| | Battery Components | Auto Components | Metal Fabrication | Storage Solutions | Custom Fabrication | Toolworks | Total |
|---|---|---|---|---|---|---|---|
| **Revenue from operations** | 56,916.30 | 6,318.47 | 9,579.88 | 5,433.57 | 2,912.75 | 778.31 | 81,939.28 |
| Less: Inter-segment revenue | - | - | - | | - | | - |
| **Revenue from operations** | **56,916.30** | **6,318.47** | **9,579.88** | **5,433.57** | **2,912.75** | **778.31** | **81,939.28** |
| Segment profit | 9,846.47 | 226.80 | 727.08 | (656.14) | 606.22 | 137.48 | 10,887.91 |
| Less: Selling and other unallocable expense | | | | | | | 4,343.68 |
| **Profit before tax** | | | | | | | **6,544.23** |
| Tax expense | | | | | | | 2,098.63 |
| **Profit after tax** | | | | | | | **4,445.60** |
| Segment Assets | 28,937.43 | 14,702.44 | 8,740.35 | 7,524.89 | 699.03 | 1,860.88 | 62,465.02 |
| Add: Other unallocable assets | - | - | - | - | - | - | 1,591.29 |
| **Total Assets** | **28,937.43** | **14,702.44** | **8,740.35** | **7,524.89** | **699.03** | **1,860.88** | **64,056.30** |
| Segment liabilities | 5,491.80 | 2,216.79 | 2,333.62 | 1,069.98 | 339.32 | 285.78 | 11,737.30 |
| Add: Other unallocable liabilities | - | - | - | - | - | - | 19,978.61 |
| **Total Liabilities** | **5,491.80** | **2,216.79** | **2,333.62** | **1,069.98** | **339.32** | **285.78** | **31,715.91** |
| Segment depreciation | 1,562.61 | 638.88 | 275.83 | 260.88 | 29.33 | 67.96 | 2,835.49 |
| Add: Depreciation on other asset | - | - | - | | - | | 288.90 |
| **Total depreciation** | **1,562.61** | **638.88** | **275.83** | **260.88** | **29.33** | **67.96** | **3,124.39** |

# Notes to the financial statements for the year ended 31st March 2021

(All amounts in ₹ lakhs, except for share data or as otherwise stated)

**Revenue from operations**

| | 31-Mar-21 | 31-Mar-20 |
|---|---|---|
| Within India | 91,399.48 | 81,506.57 |
| Outside India | 1,110.61 | 432.72 |
| **Total revenue as per statement of Profit & Loss** | **92,510.09** | **81,939.28** |

The revenue information above is based on the locations of the customers. Revenue from one customer amounted to INR.64752 lacs (31 March 2020: INR 64610 lacs), which constitues more than 10% of total revenue.

## 35 Fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities:

| | Carrying value | | Fair value | |
|---|---|---|---|---|
| | 31-Mar-21 | 31-Mar-20 | 31-Mar-21 | 31-Mar-19 |
| **Financial assets at amortised cost** | | | | |
| Trade receivables | 13,804.23 | 6,063.61 | 13,804.23 | 6,063.61 |
| Cash and cash equivalents | 0.84 | 11.35 | 0.84 | 11.35 |
| Bank balances other than above | 112.76 | 1,210.84 | 112.76 | 1,210.84 |
| Loans | 395.87 | 336.46 | 395.87 | 336.46 |
| Other Financial asset | 69.27 | 233.71 | 69.27 | 233.71 |
| **Financial liabilities at amortised cost** | | | | |
| Borrowings | 14,819.20 | 16,351.02 | 14,819.20 | 16,351.02 |
| Trade payables | 11,890.64 | 8,859.20 | 11,890.64 | 8,859.20 |
| Lease Liabilities | 571.01 | 124.05 | 571.01 | 124.05 |
| Other financial liabilities | 1,610.17 | 1,295.40 | 1,610.17 | 1,295.40 |

The management assessed that cash and cash equivalents, trade receivables, trade payables, bank overdrafts and other financial assets and liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments. There are no other investments for which fair value has been deterimed at Level 2 or Level 3 inputs.

## 36 Financial risk management objectives and policies

The Company's financial liabilities comprise mainly of borrowings, trade payables and other payables. The Company's financial assets comprise mainly of investments, cash and cash equivalents, other balances with banks, loans, trade receivables and other receivables.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. In performing its operating, investing and financing activities, the Company is exposed to the Credit risk and Liquidity risk.

### i) 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 from trade receivables and from its investing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

# Notes to the financial statements for the year ended 31st March 2021

(All amounts in ₹ lakhs, except for share data or as otherwise stated)

**Trade receivables**

Credit risk with respect to trade receivables is limited, based on our historical experience of collecting receivables, supported by the level of default. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business. As per Ind AS 109, the Company uses expected credit loss model to assess the impairment loss or gain. The Company uses a provision matrix to compute the expected credit loss allowance for trade receivables. The provision matrix takes into account the receivables past due and Company's historical experience for customers.

**Financial instruments and cash deposits**

Credit risk from balances with banks and financial institutions is managed by the Company's top management in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the top management on an annual basis, and may be updated throughout the year subject to approval of the Company's board of directors. The limits are set to minimize the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments. The Company does not expect any losses from non-performance by these counter-parties, and does not have any significant concentration of exposures to specific industry sectors or specific country risks.

**Details of financial assets – not due, past due and impaired**

None of the Company's cash equivalents, including term deposits (i.e., certificates of deposit) with banks, were past due or impaired as at 31 March 2021. The Company's credit period for trade receivables payable by its customers generally ranges from 0 - 90 days. The ageing of trade receivables is given below:

| Particulars | 31-Mar-21 | 31-Mar-20 |
|---|---|---|
| Neither due nor impaired | 8,019.01 | 1,885.06 |
| Due butnot impaired | 6,010.77 | 4,523.05 |
| Total | 14,029.78 | 6,408.11 |
| Less: Allowance for credit losses | (225.56) | (344.50) |
| **Net trade receivables** | **13,804.22** | **6,063.60** |

**ii) Liquidity Risk**

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet commitments associated with financial instruments that are settled by delivering cash or another financial asset. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

The Company has an established liquidity risk management framework for managing its short term, medium term and long term funding and liquidity management requirements. The Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Company manages the liquidity risk by maintaining adequate funds in cash and cash equivalents. The Company also has adequate credit facilities agreed with banks to ensure that there is sufficient cash to meet all its normal operating commitments in a timely and cost-effective manner.

The table below analyses derivative and non-derivative financial liabilities of the Company into relevant maturity groupings based on the contractual maturity date from the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows.

| | Carrying Value | < 12 months | 1 to 5 years | > 5 years |
|---|---|---|---|---|
| **As at 31 March 2021** | | | | |
| Borrowings | 14,819.20 | 8,984.92 | 5,834.28 | - |
| Other financial liabilities | 1,610.17 | 1,610.17 | - | - |
| Trade payables | 11,890.64 | 11,890.64 | - | - |
| **As at 31 March 2020** | | | | |
| Borrowings | 16,351.02 | 6,089.41 | 10,261.60 | - |
| Other financial liabilities | 1,295.40 | 1,295.40 | - | - |
| Trade payables | 8,859.20 | 8,859.20 | - | - |

# Notes to the financial statements for the year ended 31st March 2021

(All amounts in ₹ lakhs, except for share data or as otherwise stated)

At present, the Company does expects to repay all liabilities at their contractual maturity. In order to meet such cash commitments, the operating activity is expected to generate sufficient cash inflows

**iii) 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 manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings.

The interest rate profile of the Company's interest bearing financial instruments as reported to management is as follows:

| | 31-Mar-21 | 31-Mar-20 |
|---|---|---|
| **Fixed Rate Instrument** | | |
| Financial Liabilities | 1,700.00 | 2,656.00 |
| | **1,700.00** | **2,656.00** |
| **Variable Rate Instrument** | | |
| Financial Liabilities | 13,119.20 | 13,695.02 |
| | **13,119.20** | **13,695.02** |

**Interest Rate Sensitivitiy**

| | Effect on Profit before tax | |
|---|---|---|
| | **100 bp increase** | **100 bp decrease** |
| **31-Mar-21** | | |
| Variable rate instrument | -131.19 | 131.19 |
| **31-Mar-20** | | |
| Variable rate instrument | -136.95 | 136.95 |

**iv) Currency risk**

Foreign currency risk is the risk that the 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 (when revenue or expense is denominated in a foreign currency).

The year end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are as under:

| Particulars | 31-Mar-21 | 31-Mar-20 |
|---|---|---|
| Payable | 1,184.78 | 1,109.13 |
| Receivable | 390.74 | 102.70 |

The following tables demonstrate the sensitivity to a reasonably possible change in exchange rates, with all other variables held constant

| | Changes in rate | Effect on profit before tax |
|---|---|---|
| **31-Mar-21** | 5% | -39.70 |
| | -5% | 39.70 |
| **31-Mar-20** | 5% | -50.32 |
| | -5% | 50.32 |

# Notes to the financial statements for the year ended 31st March 2021

(All amounts in ₹ lakhs, except for share data or as otherwise stated)

## 37 Capital management

The Company endeavors to maintain sufficient levels of working capital, current assets, and current liabilities which helps the company to meet its expense obligations while also maintaining sufficient cash flow. The capital structure of the Company consists of net debt (borrowings offset by cash and bank balances) and equity of the Company (comprising issued capital, reserves and retained earnings). The capital structure of the Company is reviewed by the management on a periodic basis.

As at 31 March, 2021, the Company has only one class of equity shares and has low debt. Consequent to such capital structure, there are no externally imposed capital requirements. In order to maintain or achieve an optimal capital structure, the Company allocates its capital for distribution as dividend or re-investment into business based on its long term financial plans.

| | 31-Mar-21 | 31-Mar-20 |
|---|---|---|
| Borrowings | 14,819.20 | 16,351.02 |
| Less: Cash & cash equivalents | 113.61 | 1,222.19 |
| Net Debt | 14,705.59 | 15,128.83 |
| Total Equity | 37,719.61 | 32,340.39 |
| Net Debt to Total Equity | 0.39 | 0.47 |

## 39 Leases

The Company has adopted Ind AS 116 'Leases' effective April 1, 2019 and applied the Standard to its leases. Ind AS 116 replaces Ind AS 17 - Leases and related interpretation and guidance. The Company has applied Ind AS 116 using the modified retrospective approach, Right-of-use assets at April 1, 2019 for leases previously classified as operating leases were recognised and measured at an amount equal to the lease liability (adjusted for any prepayments/accruals). As a result, the comparative information has not been restated. The Company has discounted lease payments using the incremental borrowing rate as at April 1, 2019 for measuring lease liability. In respect of leases, previously classified as finance leases, the right-of-use asset was measured at the carrying amounts of the related finance lease asset and re-classified.

On application of Ind AS 116, the nature of expenses has changed from lease rent in previous periods to depreciation cost for the right-of-use asset, and finance cost for interest accrued on lease liability.

Accordingly, on transition to Ind AS 116, the Company recognised right-of-use assets amounting to ₹ 1469.17 lakhs (including previously classified as finance lease) and a lease liability of ₹ 128.84 Lakhs.

| | Particulars | As at 31st March, 2021 | As at 31st March, 2020 |
|---|---|---|---|
| (i) | **The following is the breakup of current and non-current lease liabilities** | | |
| | Current liabilities | 147.38 | 29.78 |
| | Non-current liabilities | 423.63 | 94.28 |
| | **Total** | **571.01** | **124.05** |
| (ii) | **The following is the movement of lease liabilities during the year** | | |
| | Balance at the bigining | 124.05 | 128.84 |
| | Additions during the year | 496.99 | 20.17 |
| | Finance cost accrued during the year | 16.62 | 10.32 |
| | Payment of lease liabilities | 66.65 | 35.28 |
| | Balance at the end | **571.01** | **124.05** |

# Notes to the financial statements for the year ended 31st March 2021

(All amounts in ₹ lakhs, except for share data or as otherwise stated)

| Particulars | As at 31st March, 2021 | As at 31st March, 2020 |
|---|---|---|
| **(iii) Maturity analysis of lease liabilities** | | |
| Less than one year | 147.38 | 29.78 |
| One to five years | 423.63 | 94.28 |
| More than five years | - | - |
| Total | **571.01** | **124.05** |
| **(iv) The impact of change in accounting policy on account of adoption of Ind AS 116 is as follows** | | |
| Particulars | **For the year ended 31st March, 2021** | **For the year ended 31st March, 2020** |
| Interest on lease liabilities (Refer Note 23) | 16.62 | 10.32 |
| Depreciation of Right-of-use assets (Refer Note 3) | 59.89 | 32.26 |
| Rent expenditure that would have been charged to the Statement of Profit and Loss under Ind AS 17 | 66.65 | 35.28 |
| (v) The impact on the profit for the year is not material. | | |

**39 COVID 19 Impact**

The Management has considered the possible effects that may arise out of the COVID-19 pandemic in concluding on significant accounting judgments and estimates, inter-alia, recoverability of receivables, inventory and other assets, based on the information available to date, both internal and external, to the extent relevant, while preparing these financial statements as of and for the year ended March 31, 2021. There is no material impact on these financial statements for the year ended March 31, 2021 owing to the pandemic. The eventual outcome of impact of the COVID-19 pandemic may be different from those estimated as on the date of approval of these financial statements.

**40 Subsequent Events**

There are no events that occoured after the balance sheet date that have an impact on the financial statements.

**41** The balances with some of the customers and suppliers accounts are subject to confirmation and reconciliation.

**42** Previous year figures have been regrouped wherever required to confirm to current period classification.

**As per our report of even date attached**

For **BRAHMAYYA & CO.,**
Chartered Accountants
Firm Registration No.: 000513S

**(Karumanchi Rajaj)**
Partner
Membership No.: 202309

**For and on behalf of the board**

**Dr Ramachandra N Galla**
Chairman
(DIN No:00133761)

**Harshavardhana Gourineni**
Managing Director and Chief Executive officer
(DIN No:07311410)

**G.Satish Kumar**
Chief Financial Officer

**P Ravi Kumar**
Company Secretary

Place : Vijayawada/ Hyderabad/ Tirupathi
Date : 25.05.2021

# NOTE

NOTE

AMARA RAJA
Gotta be a better way

**Mangal Industries Limited | An Amara Raja Group Company**

Corporate Operations Office: TERMINAL A, 1-18/1/AMR/NR, Nanakramguda
Gachibowli, Hyderabad- 500 032, Telangana, India

Registered Office : Renigunte - Cuddapah Road
Karakambadi - 517520, Tirupati, Andhra Pradesh, India

**mangalindustries.com**