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MANGAL
INDUSTRIES LIMITED

On the path for a better tomorrow

ANNUAL REPORT
2021-22

MANGAL INDUSTRIES LIMITED
ANNUAL REPORT 2021-22
CORPORATE INFORMATION

BOARD OF DIRECTORS :

Jayadev Galla
Chairman

Harshavardhana Gourineni
Director

Ashok Galla
Executive Director

Padmavathi Galla
Director

I. B. K. Murthy
Independent Director

C. Prasanth
Independent Director

Chief Financial Officer
G.Satish Kumar

N. A. Sudhakar
Manager (KMP)

Company Secretary
P. Ravi Kumar

Bankers
State Bank of India, Tirupati
Union Bank of India, Tirupati
Citi Bank, Hyderabad
AXIS Bank, Hyderabad
ICICI Bank, Hyderabad

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

NOTICE

To the Members of **Mangal Industries Limited**

NOTICE is hereby given that the 31st annual general meeting of the members of Mangal Industries Limited will be held on Thursday, September 15, 2022, at 12:15 pm (IST) onwards through video conferencing (VC) other Audio Visual Means (OAVM) to transact the following business :

ORDINARY BUSINESS:

To consider, and if thought fit, to pass, the following resolution nos. from 1 to 3, as an ordinary resolution(s).

1. To receive, consider and adopt the audited financial statements of the Company for the financial year ended March 31, 2022, the report of the Auditors' thereon and the report of the Board of Directors.

2. To declare the final dividend (₹ 11.10/- per equity share i.e., 110%) on the equity shares of the Company for the financial year ended March 31, 2022.

3. To re-appoint Mr.Harshavardhana Gourineni (DIN: 07311410) who retires by rotation as a Director, and being eligible offers himself for reappointment.

SPECIAL BUSINESS :

4. To appoint Mr. Ashok Galla (DIN: 07304265) as Whole Time Director of the Company :

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 and all other applicable provisions, if any, of the Companies Act, 2013 (Act) and rules made thereunder, the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014 read with Schedule V to the Act, as amended from time to time, and subject to the approval of the shareholders at the ensuing general meeting and subject to such other approvals, if any, as may be required from relevant authorities, as recommended by the nomination and remuneration committee and the Board of Directors, Mr.Ashok Galla (DIN: 07304265) be and is hereby appointed as an Executive Director of the Company for a period of five (5) years with effect from November 18, 2021, on the terms and conditions as detailed herein below:

1. Mr.Ashok Galla, Executive Director shall, subject to the supervision and control of the Board of Directors; carry out such duties as may be entrusted to him by the directors and shall exercise such powers as are delegated to him by the Board of Directors.

2. Period of Agreement: 5 years from November 18, 2021 to November 17, 2026.

3. Remuneration comprising of salary, perquisites/benefits and commission shall be as follows:

   (i) Basic Pay **:** ₹ 3,87,000/- per month

   (ii) House Rent allowance : ₹ 1,54,800/- per month

   (iii) Performance allowance : ₹ 1,03,200/- per month

   (iv) Variable Performance Pay (VPP)**:** ₹ 19,00,000/- per annum (Rupees Nineteen lakhs only). VPP will be an annual payment based on the actual level of achievement on the Business /Company performance and individual performance, based on the overall objectives and criteria decided by the Board.

   (v) Commission: five per cent (5.00%) of the net profits of the Company, inclusive of salary and perquisites/Benefits.

4. Perquisites/Benefits:

   a) House rent allowance/accommodation: House rent allowance as may be applicable to the employees of the Company or provision of furnished accommodation.

   b) Medical Reimbursement: Reimbursement of medical expenses incurred for self and family and dependent parents, subject to a ceiling of one month's salary per year.

   c) Leave Travel Concession: Leave Travel Concession for self and family to and from any place in India, once in a year in accordance with the rules of the Company.

d) Provident Fund: Contribution to Provident Fund, Superannuation Fund or Annuity Fund to the extent these, either singly or put together, are not taxable under the Income Tax Act, 1961.

e) Leave Encashment: Encashment of leave at the end of tenure as per the rules of the Company

f) Gratuity: Gratuity payable at a rate not exceeding half a month's salary for each completed year of service.

g) Car: Company's car with driver for business purposes.

h) Telephone: Telephone / Communication facilities at residence for business purposes

i) Club Fee: Club fees are subject to a maximum of two clubs. No admission and life membership fee will be paid.

5. Overall Remuneration: The aggregate of salary, perquisites and Commission in any financial year shall not exceed 5.00% (five percent) of the net profits of the Company calculated as per Section 198 of the Act.

6. Minimum Remuneration: Notwithstanding anything to the contrary contained herein, where, in any financial year during the currency of the tenure of Mr.Ashok Galla, the Company has no profits or its profits are inadequate, the Company will pay remuneration to the maximum as laid down in Section II of Part II of Schedule V to the Companies Act, 2013 as minimum remuneration.

7. The Executive Director shall be entitled to reimbursement of all actual expenses or charges including travel, entertainment or other out-of-pocket expenses incurred by him for and on behalf of the Company, in furtherance of its business.

8. The terms and conditions of the said appointment and/or agreement may be altered, enhanced or varied from time to time by the board as it may, in its discretion, deem fit.

9. The agreement may be terminated by either party after giving the other party three (3) months' notice.

10. The Executive Director shall not be entitled to receive any fees for attending Meetings of the Board/committee.

RESOLVED FURTHER THAT the Board of Directors of the Company (including its committee thereof) and/or Company Secretary of the Company, be and they are hereby severally authorized to take necessary steps and to do all acts, deeds and things as may be required for giving effect to the above resolutions and severally authorised to sign and file the necessary e-forms/ documents with the Ministry of Corporate Affairs."

5. To ratify the remuneration of the Cost Auditors for the financial year 2022-23 and in this regard, to consider and if deemed fit, to pass 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 2022-23, at a remuneration of ₹ 2,50,000 /-(Rupees two lakhs fifty thousand only) as also the payment of service tax as applicable and reimbursement 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."

By order of the Board
For Mangal Industries Limited

Date : 09/06/2022
Place : Tirupati

P. Ravi Kumar
Company Secretary

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/

NOTES:

1. Pursuant to the General Circulars 2/2022 and, other circulars issued by the Ministry of Corporate Affairs (MCA),(hereinafter collectively referred as the circulars) companies are allowed to hold AGM through VC/OAVM, without the physical presence of members at a common venue. Hence, in compliance with the Circulars, the AGM of the Company is being held through VC/OAVM.

2. The deemed venue for the 31st AGM shall be the Registered Office of the Company and the proceeding of the AGM shall be recorded thereat. Members can attend and participate in the AGM through VC/OAVM only. The VC/OAVM facility for members to join the meeting, shall be kept open 30 minutes before the start of the AGM. Members can attend and participate in the AGM through VC/OAVM only.

3. In compliance with the aforesaid Circulars, the Annual Report 2021-22 including the notice of the AGM are being sent by electronic mode to all the members whose e-mail address are registered with the Company/Depositories for communication purposes

4. Pursuant to the provisions of the Act, a member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on a poll instead of himself/ herself and the proxy so appointed need not be a member of the Company. Since this AGM is being held pursuant to the aforesaid Circulars through VC / OAVM, physical attendance of members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the AGM and hence the Proxy Form, Attendance Slip and Route map are not annexed to this Notice.

5. Institutional / Corporate Shareholders are required to send a scanned copy (PDF/JPG Format) of its Board or governing body Resolution/Authorization etc., authorizing its representative to attend the AGM through VC / OAVM on its behalf and to vote through remote e-voting. The said Resolution/Authorization should be sent to the Company by email through its registered email address to prkr@amararaja.com.

6. Members attending the AGM through VC / OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.

7. 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 as **Annexure-I.**

8. Brief profiles of Directors viz., (i) Mr. Harshavardhana Gourineni, Director proposed to be appointed/re-appointed (ii) Mr.Ashok Galla, Director appointing as whole-time Director, 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 II** and forms part of the notice.

9. The record date is August 26, 2022 for the purpose of determining the entitlement of member to the dividend for the financial year 2021-22, if declared at the meeting.

10. The registers i.e. Register of Directors and Key Managerial Personnel and their shareholding, Register of Contracts or Arrangements in which Directors are interested maintained under Section 170 and Section 189 of the Act respectively will be available electronically for inspection by members during the AGM. All documents referred to in this Notice and the Explanatory Statement annexed hereto will also be available for electronic inspection without any fee by the members from the date of circulation of this notice up to the date of AGM

11. The copies of the Annual Report 2021-22 including the notice of the 31st 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.

12. Members may also note that the notice of the 31st annual general meeting and the Annual Report 2021-22 shall be placed on the Company's website www.mangalltd.com. The physical copies will also be available at the registered office of the Company for inspection during normal business hours on working days.

13. 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.

14. 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 following statement sets out all material facts relating to special business mentioned in the accompanying notice dated 09.06.2022 and shall be taken as forming part of the notice

Item No. 4

The Board on the recommendation of the Nomination and Remuneration Committee at its meting held on November 18, 2021, approved the appointment of Mr.Ashok Galla (DIN: 07304265), Non-Executive Director designated as Whole Time Director of the Company for a period of 5 years, with effect from November 18, 2021, subject to the approval of shareholders at the forthcoming Annual General Meeting.

Pursuant to Sections 196, 197 and other applicable provisions of the Companies Act, 2013, (the Act) the Companies (Appointment and Qualification of Directors), Rules, 2014, and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 read with Schedule V of the Companies Act, 2013 (including any statutory modification(s) or re-enactment thereof for the time being in force, the appointment of Mr.Ashok Galla (DIN: 07304265) requires approval of the Members by way of ordinary resolution.

The terms and conditions of the re-appointment and remuneration payable to Mr.Ashok Galla (DIN: 07304265) are provided in the resolution referred in item no. 4.

Item No. 5

The Board of Directors of the Company at their meeting held on 09.06.2022, 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 2022-23 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 2022-23.

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

By order of the Board
For Mangal Industries Limited

Date : 09/06/2022
Place : Tirupati

P. Ravi Kumar
Company Secretary

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

Name of the Director	Mr. Harshavardhana Gourineni	Mr. Ashok Galla
Director Identification Number (DIN)	07311410	07304265
Date of birth	15-07-1988	05-04-1992
Date of appointment	04-11-2015	25-05-2017
Qualification	Bachelor of Science degree in Industrial and Organization Psychology from the Purdue University, USA.	Bachelors of Science in Radio Television Film from University of Texas at Austin
Experience & Expertise in specific functional area	Mr. Harshavardhana Gourineni (DIN: 07311410) (age 33 years) is fluent in conversational Spanish and has earned a Bachelor of Science degree in Industrial and Organization Psychology from the Purdue University, USA. He played an instrumental role behind the establishment of two new business segments in MIL – Toolworks and Trading House. He also handling the responsibility of driving the lead acid battery value maximization strategies apart from other key initiatives, as an Executive Director of Amara Raja Batteries Limited. Previously he worked as Manufacturing Supervisor at Johnson Controls in Geneva, Illinois.	Mr. Ashok Galla holds Directorships in RNGalla Family Private Limited and Amara Raja Media and Entertainment Private Limited
Terms & Conditions of Appointment or re-appointment	Nil	As mentioned in the explanatory statement attached to this notice
Remuneration last drawn	Nil	Please refer to the explanatory statement
Shareholding in the Company as on 31.03.2022	Holding 1 (one) equity shares as member, Nominee of RNGalla Family Private Limited	Holding 1 (one) equity shares as member, Nominee of RNGalla Family Private Limited
Relationship with other directors and KMPs of the Company	He is nephew of Mr. Jayadev Galla, Chairman and Mr.Ashok Galla, Cousin	Mr.Jayadev Galla, Father, Mrs.Padmavathi Galla, Mother Mr. Harshavardhana Gourineni, Cousin
No. of Meetings of the Board attended during the year	5 (five) meetings	5 (five) meetings
List of Companies* in which outside directorship held	1. Amara Raja Batteries Limited 2. Amara Raja Infra Private Limited 3. Amara Raja Media and Entertainment Pvt Ltd 4. RNGalla Family Private Limited 5. HG Global Private Limited 6. HG Chemicle Private Limited 7. Amara Raja Circular Solutions Private Limited	1. RNGalla Family Private Limited 2. Amara Raja Media and Entertainment Private Limited
Chairman/Member of the Committees* of Board of Directors of Indian Companies	Amara Raja Batteries Limited – Stakeholders Relationship Committee & Loan and Investment Committee.	-

DIRECTORS' REPORT 2021-22

To
The Members of
Mangal Industries Limited

Your Board of Directors present their report for the financial year ended March 31, 2022.

1. Financial highlights and performance review:

The Company's financial performance for the year ended March 31, 2022 is summarized as below:

(₹ in crores)

Particulars	2021-22	2020-21
Revenue from operations	1,450.33	925.10
Other income	3.06	5.88
Total income	**1,453.33**	**930.98**
Profit before tax	119.86	86.10
Less: Tax expense (including deferred tax)	17.22	29.55
Profit for the year	102.64	56.55
Total other comprehensive - income/(loss)	0.77	(0.53)
Total other comprehensive income for the year	103.41	56.02

Financial year 2021-22 was unpredictable and challenging with continued pressure from Covid-19 and unprecedented cost inflation. As global supply chains were disrupted, firstly, due to the pandemic and then later due to the geopolitical crisis, inflation in many commodities rose to historic highs resulting in significant input cost pressures. Inspite of this challenging environment, your Company shown resilience and agility to deliver strong all-round performance in all businesses.

The Company has recorded **56.10 %** highest ever growth in revenue and surpassed ₹ 1000 crores revenue milestone in the financial year 2021-22. The profit after tax has registered an impressive **84.5%** growth compared with the previous financial year. Your Directors have proposed to retain the surplus amount of ₹ **103.37** crores in the "Statement of Profit and Loss" and not to transfer to the general reserves.

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 32,211 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 98% 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 87.5% to 89.6% which had resulted in significant improvement in operations and building efficiencies.

(ii) Auto Components (AC) SBU:

During the year, AC-SBU (Fasteners division) has processed 6,645MT of products and AC-SBU (Plastics division) has processed 1,580MT of products for its key customers in Automotive, Engineering, Home Appliances, Industrial and Tractor segments. OEE improved by 4-5% in key processes like forging, injection molding, heat treatment, heat sealing and surface plating thus giving better machine utilization and contributing to higher efficiency.

Heat treatment furnace installed entirely by the maintenance team with virtual assistance from equipment supplier in Taiwan, capex investment went into new capability building and various VA-VE activities were undertaken for cost reduction purpose

Fasteners division has launched 2 key programs successfully viz., appointment of distributors for aftermarket in AP & TN and engagement with Crescendo for export opportunities which has given us 1st export order to Sweden and Finland.

Inspite of Covid wave-2 during Q1FY22, the external business has demonstrated good performance and has registered growth of 60% due to successful increase in share of wallet from current customers and addition of new customers.

(iii) Metal Fabrications (MF) SBU:

During the year, MF-SBU processed over 10326 MT of steel, supplying to diverse sectors such as Power, Telecom, Elevators, Metro Coaches, Energy and Consumer Goods. It has been a challenging year with geopolitical issues, pandemic induced disruptions and unprecedented commodity price increase. Despite that, MF-SBU managed to meet budgeted sales.

(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, huge rise in steel prices and the general market slowdown. Focusing on e-commerce, retail and 3PL segments helped SS SBU to achieve almost 90% of the projected sales budget. SS-SBU first time won an export order and Rack supported warehouse order. Also SS bagged the first order in cold storage sector.

(v) Toolworks (TW) SBU :

During the year, Toolworks – SBU enhanced its engineering competency by Using Siemens NX, Solid works software. Toolworks engineering team have developed the following tools, COS Mold for H7, H5, T8,7AH & B24 and Tab Blanker. Carried out reverse engineering activities for slush puppies project for Aeques, Barcode Label Printer Project for TVS-Electronics, and Indicator Assembly for Mitsubishi Elevators. Successfully received mold build order from TVS Electronics & Mitsubishi Elevator.

(vi) Trading :

It was a phenomenal year for Trading SBU as the division achieved 200 % of projected sales close to ₹ 200 Crores with high profitability. This inspite of all geopolitical issues, pandemic induced disruptions and unprecedented commodity price increases. New pharma product and customers added helped in achieving higher revenues and profits.

b. QHSE

During the year, all the manufacturing plants were successfully completed first Surveillance Audits of QMS (Quality Management System - ISO 9001 & IATF 1649) and EMS (Environmental Management System - ISO 14001). AC plastics has successfully completed process requirements for IATF 19649 audit and got qualified for certification by TUV SUD. Metal Fabrication SBU was successfully completed first Surveillance Audits of OH & S (Occupational Health & Safety Management System - ISO 45001) and Welding certification (EM15085-2). Toolworks processes been included along with Battery Components-HO and got certified under QMS (ISO 9001). Established and implemented EMS and OH & S in Auto Components – Chennai. Established QMS Maturity to build a baseline for Business Excellence in Metal Fabrication & all Battery Component plants. Achieved Best QMS practicing plant award to Battery Components – Petamitta plant during the “Quality Month Celebrations”. Achieved awards in best safety practicing plants to Battery Components – HO (Green Category) and Auto Components – Petamitta (Red category) during the “National Safety Day celebrations”

c. New initiatives

i. Robotic Process Automation (RPA) is implemented in automating work orders for minimizing manual works and workflow automation under progress.

ii. Horizontal deployment of Internet of things (IoT) for Auto components Chennai under progress.

iii. Online monitoring of 72 injection-molding machines at Battery components petamitta for OEE and energy monitoring completed.

d. Awards and Accolades:

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

BC SBU:

- Battery Components, Petamitta, Bush Casting wing received Best Supplier Award in Supply Chain Metric for FY20 and FY21 from Clarios Energy Solutions, Brazil.
- Battery Components, Petamitta team has won the Platinum award in the Quick Changeover Competition. It was held by CII Institute of Quality in the virtual mode on 25th February 2022.
- Three teams from Battery Components SBU have taken part in the ABK-AOTS 6th QIT competition held virtually from 18th to 20th August 2021. ARGC team won the Platinum award and the Petamitta and Karakambadi teams won the Gold awards

AC SBU:

- High Tensile Fastener vertical in Auto Components SBU has won three highest category "Gold" awards at the 7th annual "Chapter Convention of Quality Concepts (CCQC)", Tirupathi Chapter
- Auto Components SBU, Petamitta has won the highest category "PAR EXCELLENCE" awards at the recently held ICQCC (International Convention on Quality Control Circles) 2021 competitions in Hyderabad, India held from 24th to 27th November. It was organized by the Quality Circle Forum of India (QCFI).

MF SBU:

- Metal Fabrication team from Mangal Industries has won the 2nd runner up award at the national level in CII Quality Circles Convention.

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 39 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 ₹ 11.10/- per equity share of face value of ₹ 10/-(representing 110%) as dividend for the financial year ended March 31, 2022, 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, Mr.Harshavardhana Gourineni, Director (DIN: 07311410), is liable to retire by rotation at the ensuing Annual General Meeting and being eligible offer himself 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 16, 2022 and reviewed the performance of the Non-Executive Directors and Board as a whole.

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. Subsequently the Board of Directors at their meeting held on November 18, 2021 appointed Mr. Ashok Galla, Non-Executive Director (DIN: 07304265) as Executive Director of the Company.

The Board considered the Nomination and Remuneration committee recommends the appointment of Mr.Ashok Galla as an Executive Director of the Company for a period of 5 years w.e.f November 18, 2021, subject to the shareholders approval in the ensuing general meeting.

Pursuant to the provisions of Section 203 of the Companies Act, 2013, Mr. N.A.Sudhakar, SBU-Head (Manager), Mr. G. Satish Kumar, Chief Financial Officer and Mr. P. Ravikumar, Company Secretary are the Key Managerial Personnel of the Company as at March 31, 2022.

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, 2022 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 August 24, 2021 for a second term of five (5) years from the conclusion of the 30th annual general meeting till the conclusion of 35th annual general meeting.

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 2021-22. The cost audit report for FY 2021-22 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 2022-23 to audit the cost records of the Company. Necessary resolution seeking your ratification of their remuneration for the financial year 2022-23 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 2022-23.

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 2021-22. 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 2022-23.

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, 2022 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 five 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 May 25, 2021, July 24, 2021, November 18, 2021, February 16, 2022 and March 26,2022 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 entitled to attend	No of Meetings attended
1	Dr.Ramachandra N Galla, Chairman (Non-Executive) (DIN : 00133761) * (upto May 26, 2021)	1	1
2	Mr.Jayadev Galla, Chairman (Non-Executive) (DIN: 00143610) * (w.e.f. May 26, 2021)	5	5
3	Mr. Gourineni Harshavardhana, Director (Non-Executive) (DIN: 07311410)	5	5
4	Mrs. Galla Padmavathi, Director (Non-Executive) (Non-Executive) (DIN: 00143767)	5	5
5	Mr. Ashok Galla, Director (Executive) (DIN :07304265)	5	5
6	Mr.C.Prasanth, Independent Director (Non-Executive) (DIN: 00468442)	5	5
7	Mr.I.B.K.Murthy, Independent Director (Non-Executive) (DIN:02774534)	5	5

*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.

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 May 25, 2021, November 18, 2021, and March 26,2022. The composition of the Audit Committee and the attendance of each member is given below:

Sl. No	Name of the Member	No of Meetings entitled to attend	No of Meetings attended
1	Dr.Ramachandra N Galla, Chairman *	1	1
2	Mr. Jayadev Galla, Chairman	2	2
3	Mr.I.B.K.Murthy, Member	3	3
4	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. Two meetings was held on May 25, 2021 and November 18, 2021 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	2	2
2	Dr.Ramachandra N Galla, Member *	1	1
3	Mr.C.Prasanth, Member	2	2
4	Mr. Jayadev Galla, 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 May 25, 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

*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. Subsequently Mr.Jayadev Galla appointed as Chairman of CSR committee w.e.f. July 24, 2021.

iii. Remuneration to directors

The remuneration structure of Executive Director 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 disposed off during the year 2021-22. a). No. of complaints received: Nil. b). No of complaints disposed off: Nil.

12. Particulars of loans, guarantees or investments

The Company has not given any loans, guarantees or security in connection with loans or made any investments falling within the ambit of Section 186 of the Companies Act, 2013.

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 2021-22, 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, 2022, 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, 2022.

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

Jayadev Galla
Chairman
(DIN: 00143610)

Date : 09.06.2022
Place : Hyderabad

Form No. MR - 3

SECRETARIAL AUDIT REPORT

For the Financial Year 2021-2022

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

To,
The Members,
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 2022, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

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 2022 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: F002969D00514557

Place: Chennai
Date: 04.06.2022

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: F002969D00514557

Place: Chennai
Date: 04.06.2022

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

*Dr.Ramachandra N Galla, Chairman, Non-Executive Non-Independent Director resigned w.e.f. May 26, 2021. Subsequently Mr. Harshavardhana Gourineni has been appointed as Chairman for CSR committee w.e.f. July 24, 2021.

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: ₹ 73,90,38,660

7. a. **2% of the Average Net Profit of the Company as per Section 135(5):** ₹ 1,47,80,773

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) :** ₹ 1,47,80,773

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
₹ 1,47,80,773	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	a. Common Infrastructure in Educational complex Petamitta b. Ambulance purchase for PHC c. Visitior Hall construction at Guntur Government Hospital	(ii)	Yes	State: Andhra Pradesh	District: Chittoor	1 year	1.48	1.48	NIL	Yes	Name : RAJANNA TRUST	CSR Registration: 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 Implementa tion - Direct (Yes/No).	Mode of Implementation - Through Implementing Agency	
01.	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) : ₹ 1,47,80,773

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)	₹ 1,47,80,773
2.	Total amount spent for the financial year	₹ 1,47,80,773
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).	3/24/2022
b	Amount of CSR spent for creation or acquisition of capital asset.	₹ 24,09,607/-
c	Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc. -	Rajanna Trust, Dighuvamagham (village & Post), Thavanampalli (Mandal), Chittoor (District)
d	Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset).	Project Name : Construction of Refurbishment work for lift shaft at DG High school at Dighuvamagham (village & Post), Thavanampalli (Mandal), Chittoor (District)
a	Date of creation or acquisition of the capital asset(s).	3/24/2022
b	Amount of CSR spent for creation or acquisition of capital asset.	₹ 21,09,754/-
c	Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc. -	Rajanna Trust , Dighuvamagham (village & Post), Thavanampalli (Mandal), Chittoor (District)
d	Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset).	Project Name : Construction of Refurbishment work for lift shaft at DG Primary school at Dighuvamagham (village & Post), Thavanampalli (Mandal), Chittoor (District)
a	Date of creation or acquisition of the capital asset(s).	2/28/2022
b	Amount of CSR spent for creation or acquisition of capital asset.	₹ 13,14,874/-
c	Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc. -	Rajanna Trust , Dighuvamagham (village & Post), Thavanampalli (Mandal), Chittoor (District)
d	Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset).	Project Name : Offer for Desk & Tablet chair for MV, at Petamitta (Village), Thalapula Palli (Post),Puthalapattu (Mandal), Chittoor (District).

a	Date of creation or acquisition of the capital asset(s).	3/21/2022
b	Amount of CSR spent for creation or acquisition of capital asset.	₹ 27,30,613/-
c	Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc. -	Rajanna Trust , Dighuvamagham (village & Post), Thavanampalli (Mandal), Chittoor (District)
d	Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset).	Project Name : Ambulance purchase for PHC, at at Petamitta (Village), Thalapula Palli (Post), Puthalapattu (Mandal) , Chittoor (District).
a	Date of creation or acquisition of the capital asset(s).	15/12/2021
b	Amount of CSR spent for creation or acquisition of capital asset.	₹ 63,63,563/-
c	Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc. -	Guntur Government Hospital, at Guntur.
d	Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset).	Project Name : Visitor Hall construction at Guntur Government Hospital, at Guntur.

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.

Harshavardhana Gourineni
Chairman of the CSR Committee
(DIN: 07311410)

Date : 09.06.2022
Place : Hyderabad

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;

BC SBU

- 250W Metal Halide Lights 50 Nos are replaced with 135W LED lights.
- Sprue Pickers 3 Nos are introduced for Automatic Operation of Machines ensuring consistent Cycle times.
- PLC Controls introduced in 18 Nos Gravity die Casting stations ensuring Consistent Cycle times.
- Centralized Chiller introduced in place of individual Chillers in Bush Casting.

MF SBU

- 50HP motor for powder coating plant blower was been replaced with IE4 motor whereas previous one is IE1 motor invested 167254/- ₹
- Enhanced the DPFC panel capacity from 312.5KVAR to 387.5 KVAR with an investment of ₹ 2,02,500/-
- Adapted Electric fork lift instead of diesel to avoid the pollutants - invested ₹ 19,86,000/-
- Procure fibre Laser cutting machine to reduce the power consumption and to improve the productivity invested ₹ 68,00,000/-
- Installed energy efficient high capacity Air compressor to reduce the power consumption- investment ₹ 17,55,600/-
- Installed Intelligent Flow controller to reduce the Air compressor power consumption - investment ₹ 3,67,000/-

SS SBU

- Replacement of diesel operated forklifts with battery operated ones
- Replacement of manual welding m/c's with Welding SPM(welding Automation)

AC SBU

- Air pressure regulators for Rolling and Sorting machines which doesn't allow pressure more than 4bar such that to increase the idle time of Air Compressor with energy savings of 2,21,580KVAH.
- Hydrogen De-embrittlement Ovens are replaced with SCR's instead of old traditional contactors such that to acquire 42% of energy savings on one Oven.
- Motion sensors were fixed at Forging machines 450W fans such that to stop those while operator was not doing product setting with almost 14,280KVAH savings.

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

BC SBU

- 21.2% (37,83,000 KWh) of Power Consumed is derived form Solar Power Suppliers with aggregate agreements of 5 MW.

MF SBU

- Initiated the solar roof top project with an investment of 4.08Crs.

SS SBU

- Introduced renewable natural energy source of Biomass Briquettes

AC SBU

- Majority of power consumption is derived from 3 Solar power suppliers with aggregate agreement for 5MW.

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

BC SBU:

- Expenditure towards Sprue Pickers FY22 ₹ 8,11,800/-
- LED Lights Replacement Cost ₹ 7,67,940/-
- Expenditure towards PLC controls in GDC Stations ₹ 6,96,000/-

SS SBU :

- Battery operated forklift replacement ₹ 23,27,400/-
- Welding SPM (4 Edges Beam welding m/c) ₹ 40,72,238/-

AC SBU :

- Hot Water generator with 10Lac K.Cal/Hr. installed at Plating facility to completely eliminate the usage of Electrical heaters for Plating plant with ₹ 28,50,000/- investment.

(B) TECHNOLOGY ABSORPTION

1.	Efforts made towards technology absorption	**BC SBU:** • Multi Slide Pressure Die Casting Technology four additional machines introduced for Lead Bush Manufacturing. • Auto Hole Punching & Screen-Printing Machine for 2W Containers. • Auto Vent Seal and Porous Insertion Machine • Auto CPO Coating Machine for Lead Bushes • 6 Axis Robo introduced for SBD Covers for pick & Place Application in two IMM machines **SS SBU:** • 4 Edges Beam welding introduced for Beams welding **AC SBU :** • Zinc Aluminum Flake Coatings process to feed auto customers with more improvisation in product quality. • Real-time OEE tracking System (TPM-Trak) • Heat treatment furnace with automatic operation and SCADA.
2.	The benefits derived like product improvement, cost reduction, product development or import substitution;	**BC SBU:** Consistent Product Quality, Reduced Cycle time, Man Power Optimization, Complete Automatic Operation, Reduced Design Wastages, Improved energy Efficiency. **AC SBU :** a) Classification and categorization of losses. b) Consistent Product quality. c) Fully Automatic Operation. **SS SBU:** Consistent product quality, Reduced cycle time, improved energy efficiency

3.	in case of imported technology (imported during the last three years reckoned from the beginning of the financial year)- (a) the details of technology imported; (b) the year of import; (c) whether the technology been fully absorbed; (d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof;	**SS SBU :** a) Welding Automation technology for Beams welding b) 2022 c) Yes **AC SBU :** 1. **Zinc Flake Coating** (a) More Salt Spray life and consistent product quality. (b) FY22. (c) Yes, Product Quality improved. (d) Environment friendly. 2. **Heat treatment Furnace-FY22** a) Fully Automatic Operation. b) Recipe with SCADA controls with data coverage up to 10 years. 3. **Centrifugal Driers.** (a) Top air blow with centrifuge action for zero heat wastage. (b) FY19. (c) Yes, Productivity improvement. 4. **Passivation Transporters (Tilting Upper cart).** (a) Basket spin and tilt with 45° angle. (b) FY19. (c) Yes, Product quality improved.

Expenditure on Research & Development: **₹ in crores**

Particulars	March 31, 2022	March 31, 2021
a) Capital	Nil	Nil
b) Recurring	Nil	Nil
Total	Nil	Nil

Forging Exchange Earning and Outgo: ₹ in crores

Particulars	March 31, 2022	March 31, 2021
Foreign exchange used	118.45	113.42
Foreign exchange earned	15.43	11.11

On behalf of the board

Jayadev Galla
Chairman
(DIN: 00143610)

Date : 09/06/2022
Place : Hyderabad

INDEPENDENT AUDITORS' REPORT

To the Members of
Mangal Industries Limited

Report on the Audit of the Ind AS 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, 2022, 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, 2022, 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 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, 2022 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2022 from being appointed as a director in terms of Section 164(2) of the Act.

f) With respect to the adequacy of the internal financial controls 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 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 has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.

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

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

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

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

v. a) The final dividend paid by the company during the year in respect of the same declared for the previous year is in accordance with Section 123 of the Act, as applicable.

b) As stated in Note no. 43 of the financial statements, the Board of Directors of the Company have proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The amount of dividend proposed is in accordance with section 123 of the Act, as applicable.

2. As required by the Companies (Auditor's Report) Order, 2020 ("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.: 22202309AMPIDZ2938

Date: 09.06.2022
Place: Petamitta

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) In respect of its fixed assets:

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

b) The Company has maintained proper records showing full particulars of intangible assets.

c) The company has a programme of physical verification to cover all items in a phased manner which, in our opinion, is reasonable having regard to the size of the company and nature of its business. Pursuant to the said programme, certain property, plant and equipment were physically verified by the management during the year and according to the information and explanations given to us, no material discrepancies have been noticed on such verification.

d) According to the information and explanations given to us and on the basis of our examination of the records of the company, the title deeds of immovable properties (other than those properties where the company is lessee and lease agreements are duly executed in favour of lessee) are held in the name of the company.

e) The Company has not revalued any of its Property, Plant and Equipment and intangible assets (including Right-of-use assets) during the year.

f) There are no proceedings initiated or are pending against the Company as at March 31, 2022 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.

(ii) a) 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.

b) In respect of statement of current assets as submitted by the company to its bankers in respect of working capital loans availed, no material discrepancies were noticed between the amounts as disclosed in the said returns with the books of accounts.

(iii) The Company has not made any investments or provided any securities or guarantees or granted any loans or advances in the nature of loans, secured or unsecured to companies, firms, LLP's or other parties and hence reporting under clauses (iii) of the Order are not applicable.

(iv) The company has not granted any loans or provided any guarantees or securities in respect of which the provisions of section 185 and 186 of the Act are applicable.

(v) The company has neither accepted any deposits from the Public nor accepted any amounts which are deemed to be deposits within the meaning of the provisions of sections 73 to 76 or any other relevant provisions of the Act and the rules framed there under. Accordingly the reporting requirements in terms of clause (v) of the Order is not applicable.

(vi) 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, 2022 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, 2022 on account of disputes are given below:

Sl No.	Name of Statute	Nature of Dues	Forum where Dispute is Pending	Period to which the Amount Relates	Amount Involved (₹ Lakhs)	Amount Unpaid (₹ Lakhs)
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
4	AP Entry Tax Act, 2001	Entry Tax	Appellate Dy.Commissioner Tirupati	2011-12 to 2013-14	9.73	8.52

(viii) There were no transactions relating to previously unrecorded income that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961.

(ix) a) 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. The company has not raised any funds from financial institutions and Government and also not raised funds by way of issue of debentures.

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

(c) The term loans taken by the company were applied for the purpose for which they were obtained.

(d) On an overall examination of the financial statements of the Company, funds raised on short-term basis have, prima facie, not been used during the year for long-term purposes by the Company.

(e) The company does not have any subsidiaries, associates and Joint ventures and hence reporting under clause 3(ix)(e) and (f) of the Order is not applicable.

(x) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) and hence reporting under clause (x) (a) and (b) of the Order are not applicable.

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

(b) No report under sub-section (12) of section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government during the year under report.

(c) According to the information and explanations furnished to us by the company, no whistle blower complaints has been received by the Company during the year.

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

(xiii) In our opinion, the Company is in compliance with Section 177 and 188 of the Companies Act, 2013 with respect to applicable transactions with the related parties and the details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.

(xiv) (a) In our opinion, the Company has an adequate internal audit system commensurate with the size and the nature of its business.

(b) We have considered, the internal audit reports for the year under audit issued to the Company during the year in determining the nature, timing and extent of our audit procedures.

(xv) The Company has not entered into any non-cash transactions during the year with its Directors or persons connected with its directors and hence reporting requirement in terms of clause (xv) of the Order is not applicable to the Company.

(xvi) In our opinion, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, reporting under clause 3(xvi) (b),(c) and (d) of the Order is not applicable.

(xvii) The Company has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.

(xviii) There has been no resignation of the statutory auditors of the Company during the year and hence the reporting under clause (xviii) of the Order is not applicable.

(xix) On the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

(xx) (a) In respect of other than ongoing projects, there are no unspent amounts towards Corporate Social Responsibility (CSR) requiring a transfer to a Fund specified in Schedule VII to the Companies Act in compliance with second proviso to sub-section (5) of Section 135 of the said Act. Accordingly, reporting under clause 3(xx)(a) of the Order is not applicable for the year.

(b) The company is not carrying on any CSR activities towards ongoing projects and hence the reporting under clause (3)(xx)(b) of the order is not applicable for the year under report.

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

Karumanchi Rajaj
Partner
Membership No. 202309
UDIN No.: 22202309AMPIDZ2938

Date: 09.06.2022
Place: Petamitta

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, 2022 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, 2022, 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.: 22202309AMPIDZ2938

Date: 09.06.2022
Place: Petamitta

Balance Sheet as at 31st March, 2022

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

Particulars	Notes	As at 31st March, 2022	As at 31st March, 2021
I ASSETS			
(1) **Non-current assets**			
a) Property, Plant and Equipment	3	**46,503.74**	43,977.26
b) Right-of-use asset	3	**1,691.65**	1,840.42
c) Capital work-in-progress	3	**4,609.31**	1,037.18
d) Other intangible assets	3	**858.28**	717.30
e) Financial assets			
(i) Investments		**-**	
(ii) Loans		**-**	-
(iii) Other Financial assets	4	**463.82**	395.87
f) Deferred tax assets (Net)	5	**-**	-
g) Other non-current assets	6	**470.21**	186.56
Total Non-Current assets		**54,597.01**	48,154.60
(2) **Current assets**			
a) Inventories	7	**12,772.45**	10,532.42
b) Financial assets			
(i) Trade receivables	8A	**20,209.12**	13,804.23
(ii) Cash and cash equivalents	8B	**395.77**	0.84
(iii) Bank balances other than above	8C	**71.33**	112.76
(iv) Other financial assets	8D	**15.66**	69.27
c) Current tax assets(Net)	9	**-**	-
d) Other current assets	10	**3,600.68**	1,804.29
Total Current assets		**37,065.01**	26,323.81
Total assets		**91,662.02**	74,478.41
II EQUITY AND LIABILITIES			
(1) **Equity**			
Equity share capital	11	**1,390.39**	1,390.39
Other equity	12	**45,822.15**	36,329.23
Total equity		**47,212.54**	37,719.61
(2) **Liabilities**			
(I) Non-current liabilities			
a) Financial liabilities			
(i) Borrowings	13A	**12,455.69**	5,834.28
(ii) Lease Liability	13B	**183.25**	423.63
b) Provisions	14	**590.91**	708.85
c) Deferred tax liabilities (Net)	5	**3,829.13**	5,031.58
Total Non-current liabilities		**17,058.98**	11,998.35
(II) Current liabilities			
a) Financial liabilities			
(i) Borrowings	15	**12,559.64**	8,984.92
(ii) Trade payables			
(a) total outstanding dues to micro enterprise and small enterprises	16A	**502.72**	230.60
(b) total outstanding dues to creditors other than micro enterprises and small enterprises	16A	**11,403.55**	11,660.04
(iii) Other financial liabilities	16B	**1,364.33**	1,604.79
(iv) Lease Liability	13B	**271.92**	147.38
b) Current tax liabilities(Net)	9	**32.56**	285.31
c) Provisions	14	**25.74**	90.74
d) Other current liabilities	17	**1,230.04**	1,756.67
Total current liabilities		**27,390.51**	24,760.45
Total equity and liabilities		**91,662.02**	74,478.41
Corporate Information	1		
Significant accounting policies	2		
The accompanying notes are an integral part of the financial statements.	26 to 45		

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. 22202309AMPIDZ2938

Place : Hyderabad/ Petamitta
Date : June 09,2022

For and on behalf of the board

Jayadev Galla
Chairman
(DIN: 00143610)

Harshavardhana Gourineni
Director
(DIN No:07311410)

Ashok Galla
Executive Director
(DIN: 07304265)

G.Satish Kumar
Chief Financial Officer

P Ravi Kumar
Company Secretary

Statement of Profit and Loss for the year ended 31st March, 2022

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

Particulars	Notes	Year Ended 31st March, 2022	Year Ended 31st March, 2021
I Income			
a) Revenue from operations	18	**145,032.52**	92,511.30
b) Other income	19	**300.46**	586.67
Total Income		**145,332.98**	**93,097.97**
II Expenses			
a) Cost of materials consumed	20	**88,182.08**	55,161.53
b) Purchase of stock-in-trade	20	**17,498.68**	4,947.96
c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	21	**(1,437.49)**	292.70
d) Employee benefits expenses	22	**11,653.76**	9,915.54
e) Finance costs	23	**1,463.17**	1,222.97
f) Depreciation and amortisation expenses	24	**3,949.12**	3,544.28
g) Other expenses	25	**12,037.62**	9,402.93
Total expenses		**133,346.94**	**84,487.91**
Profit before tax		**11,986.04**	**8,610.07**
Income tax expense			
a) Current tax	28	**2,950.00**	1,675.00
b) Deferred tax charge/(Credit)	28	**(1,228.27)**	1,280.13
		1,721.73	**2,955.13**
Profit for the year after tax		**10,264.31**	**5,654.94**
Other comprehensive income not to be reclassified to profit or loss in subsequent periods	26		
Re-measurement of Employee defined benefit plans(net of Tax)		**76.75**	(53.25)
Other comprehensive income/(Loss) for the year		**76.75**	(53.25)
Total comprehensive income for the year		**10,341.06**	**5,601.69**
Earnings per equity share			
Basic & diluted	29	**73.82**	40.67
Nominal value per equity share		**10.00**	10.00
The accompanying notes are an integral part of the financial statements.	26 to 45		

As per our report of even date attached

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

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(DIN: 07304265)

G.Satish Kumar
Chief Financial Officer

P Ravi Kumar
Company Secretary

Cash flow Statement for the year ended 31 March 2022

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

Particulars	For the Year ended 31st March, 2022		For the Year ended 31st March, 2021	
I. CASH FLOW FROM OPERATING ACTIVITIES				
Profit before tax from continuing operations		**11,986.04**		8,610.07
Add/Less: Adjustments for:				
a. Depreciation	**3,949.12**		3,544.28	
b. Interest expenses	**1,463.17**		1,222.97	
c. Interest received	**(53.42)**		(143.14)	
d. (Profit) / Loss on sale of tangible fixed assets	**(14.48)**		(22.28)	
e. Assets Written off	**0.67**		-	
f. Remeasurement of defined benefit obligation	**76.75**		(53.25)	
		5,421.82		4,548.58
Operating profit before working capital changes		**17,407.86**		**13,158.65**
Add/Less: Adjustments for working capital changes				
a. Decrease/(increase) in inventories	**(2,240.02)**		(2,043.08)	
b. Decrease/(increase) in trade and Other receivables	**(8,499.26)**		(8,390.90)	
c. Increase/(decrease) in trade and other payables	**(934.41)**		4,658.20	
		(11,673.69)		**(5,775.78)**
Cash generated from operations		**5,734.16**		**7,382.87**
Less : Direct taxes paid		**3,176.26**		1,385.88
Net cash from operating activities - A		**2,557.91**		**5,996.99**
II. CASH FLOW FROM INVESTING ACTIVITIES				
a. Purchase of tangible fixed assets	**(6,553.40)**		(6,099.94)	
b. (Increase)/decrease in capital work in progress	**(3,572.13)**		1,760.99	
c. Proceeds from Sale of tangible assets	**98.70**		116.53	
d. Interest received	**53.42**		143.14	
e. Margin money deposits with banks and other balances	**41.43**		1,098.07	
Net Cash from / (Used in) investing activities - B		**(9,931.97)**		**(2,981.20)**
III. CASH FLOW FROM FINANCING ACTIVITIES				
a. Increase/(decrease) in borrowings	**10,196.14**		(1,531.82)	
b. Interest expenses	**(1,463.17)**		(1,222.97)	
c. Repayment of lease liability	**(115.84)**		(49.05)	
d. Dividend paid	**(848.14)**		(222.46)	
Net cash from/(Used in) financing activities - C		**7,768.99**		**(3,026.30)**
Net cash flow from/(Used in) all activities (A+B+C)		**394.93**		**(10.51)**
Opening cash and bank balances		**0.84**		11.35
Add: Net increase/(decrease) in cash & cash equivalents		**394.93**		(10.51)
Closing cash and bank balances		**395.76**		**0.84**

Cash flow Statement for the year ended 31 March 2022

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

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, 2022

Particulars	As at 31 March 2021	Inflows	Outflows	Reclassfification	As at 31 March 2022
Long term borrowings	5,834.28	10,435.70	(1,700.00)	(2,113.00)	**12,456.98**
Short term borrowings	5,313.60	6,000.00	(904.08)	-	**10,409.52**
Current maturities of long term borrowings	3,671.32	-	(3,671.32)	2,113.00	**2,113.00**
Total	**14,819.20**	**16,435.70**	**(6,275.40)**	**-**	**24,979.50**

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

Particulars	As at 31 March 2020	Inflows	Outflows	Reclassfification	As at 31 March 2021
Long term borrowings	10,261.60	300.00	(1,056.00)	(3,671.32)	**5,834.28**
Short term borrowings	1,875.41	2,000.00	1,438.18	-	**5,313.59**
Current maturities of long term borrowings	4,214.00	-	(4,214.00)	3,671.32	**3,671.32**
Total	**16,351.02**	**2,300.00**	**(3,831.82)**	**-**	**14,819.20**

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. 22202309AMPIDZ2938

Place : Hyderabad/ Petamitta
Date : June 09,2022

For and on behalf of the board

Jayadev Galla
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(DIN: 00143610)

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(DIN No:07311410)

Ashok Galla
Executive Director
(DIN: 07304265)

G.Satish Kumar
Chief Financial Officer

P Ravi Kumar
Company Secretary

Notes to the financial statements for the year ended 31st Mar 2022

(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 2021	**13,903,877**	**1,390.39**
At 31 March 2022	**13,903,877**	**1,390.39**

(b) Other equity

Particulars	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**
Profit for the year	-	-	-	-	10,264.31	-	10,264.31
Re-measurement of employee defined benefit plans	-	-	-	-	-	76.75	76.75
Dividend	-	-	-	-	(848.14)	-	(848.14)
Balance at 31st March 2022	**178.54**	**3,848.20**	**4.28**	**1,646.32**	**40,455.12**	**(310.30)**	**45,822.15**

Notes to the financial statements for the year ended 31 March 2022

(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 09th June'2022.

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 All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The company classifies all other liabilities as non-current.

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

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

Notes to the financial statements for the year ended 31 March 2022

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

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:

- 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)

Notes to the financial statements for the year ended 31 March 2022

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

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.

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.

Notes to the financial statements for the year ended 31 March 2022

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

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.

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 some of the assets in which case the life of the assets has been assessed by management 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.

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.

Notes to the financial statements for the year ended 31 March 2022

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

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.

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.

Notes to the financial statements for the year ended 31 March 2022

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

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.

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

Notes to the financial statements for the year ended 31 March 2022

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

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
- 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.

Notes to the financial statements for the year ended 31 March 2022

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

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

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.

Notes to the financial statements for the year ended 31 March 2022

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

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.

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.

Notes to the financial statements for the year ended 31 March 2022

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

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 flows, 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

Notes to the financial statements for the year ended 31 March 2022

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

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 31 March 2022

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

Property, Plant & Equipment and Intangible asset

Particulars	Freehold Land	Factory Buildings	Non Factory Buildings	Plant and Machinery	Electrical Installations	Furniture and Fittings	Office Equipment	I.T Equipment	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**
Additions during the year	26.77	-	-	5,875.14	34.46	92.64	3.63	76.80	64.71	6,174.15	8,944.15	379.24
Disposals	-	-	-	77.83	-	-	-	0.60	109.22	187.65	6,553.40	-
At March 31, 2022	**1,012.43**	**17,987.66**	**838.11**	**35,376.61**	**4,474.04**	**421.77**	**391.15**	**487.04**	**357.65**	**61,346.46**	**4,609.31**	**1,330.15**
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**
For the year	-	711.43	3.52	2,161.33	437.31	35.97	75.63	88.74	48.15	3,562.08	-	238.26
Disposals	-	-	-	50.94	-	-	-	-	51.11	102.05	-	-
At March 31, 2022	**-**	**3,438.20**	**42.72**	**8,832.80**	**1,700.58**	**91.41**	**256.86**	**333.91**	**146.23**	**14,842.72**	**-**	**471.87**
Net book value												
At March 31, 2022	**1,012.43**	**14,549.46**	**795.39**	**26,543.81**	**2,773.47**	**330.37**	**134.28**	**153.13**	**211.42**	**46,503.74**	**4,609.31**	**858.28**
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.
3. The carrying value of above assets does not include value of assets aggregating to ₹ 4069.70 lakhs pertaining to Food Division transferred to RN Galla Family Private Limited as per scheme of arrangement approved by NCLT, Hyderabad effective from 01.04.2018.
4. The carrying values of any of the assets does not include any changes made on account of revaluation as on date of balance sheet.
5. The title deeds of immovable properties were held in the name of the company.
6. No proceedings has been initiated or pending against the company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 and rules made thereunder.

Notes to the financial statements for the year ended 31 March 2022

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

3 Right-to-use asset

Particulars	Leasehold Land	Buildings	Total
A) At March 31, 2019	**-**	**-**	**-**
Additions during the year	**-**	149.02	149.02
Reclassified and Transition impact on account of adoption of Ind AS 116	1,340.33	-	1,340.33
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**
Additions during the year	**-**	**-**	**-**
Disposals	-	-	-
At March 31, 2022	**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
Eliminated on disposal/adjustment of assets	-	-	-
At March 31, 2021	**53.75**	**92.15**	**145.90**
Depreciation expense	13.08	135.70	148.78
Eliminated on disposal/adjustment of assets	-	-	-
At March 31, 2022	**66.83**	**227.85**	**294.68**
(C) Net Book Value			
At March 31, 2022	**1,273.50**	**418.15**	**1,691.65**
At March 31, 2021	**1,286.57**	**553.85**	**1,840.42**
At March 31, 2020	**1,299.65**	**116.76**	**1,416.40**

3 Capital Work-in-progress ageing schedule as on 31.3.2022

CWIP	Amount in CWIP for a period of				Total
	Less than 1 year	1 to 2 years	2 to 3 years	More than 3 years	
Projects in progress	4,609.31	-	-	-	4,609.31
Projects temporarily suspended	-	-	-	-	-

Note: None of the above projects were overdue for its completion and does not exceeded its cost compared to its original plan.

Capital Work-in-progress ageing schedule as on 31.3.2021

CWIP	Amount in CWIP for a period of				Total
	Less than 1 year	1 to 2 years	2 to 3 years	More than 3 years	
Projects in progress	1,037.18	-	-	-	1,037.18
Projects temporarily suspended	-	-	-	-	-

Note: None of the above projects were overdue for its completion and does not exceeded its cost compared to its original plan.

Notes to the financial statements for the year ended 31 March 2022

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

3 Intangible assets

Net Book Value	As at 31.03.2022	As at 31.03.2021
Computer software	**858.28**	717.30

1. The carrying value of above assets does not include value of assets aggregating to ₹ 1.39 lakhs pertaining to Food Division transferred to RN Galla Family Private Limited as per scheme of arrangement approved by NCLT, Hyderabad effective from 01.04.2018.

2. The carrying values of any of the assets does not include any changes made on account of revaluation as on date of balance sheet.

4 Other Financial assets

Particulars	31-Mar-22	31-Mar-21
Non Current (Unsecured and considered good)		
Security Deposit	463.82	395.87
Total	**463.82**	**395.87**

5 Deferred tax assets / Liabilities (net)

Particulars	31-Mar-22	31-Mar-21
Deferred tax liabilties (net)	3,829.13	5,031.58
Total	**3,829.13**	**5,031.58**

6 Other Non current Assets

Particulars	31-Mar-22	31-Mar-21
Capital advances	417.33	172.09
Balance in Gratuity Fund (net of obligations)	42.19	-
Prepayment	10.69	14.48
Total	**470.21**	**186.56**

There are no advances in the nature of loans 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.

7 Inventories

(At lower of cost and net realisable value)

Particulars	31-Mar-22	31-Mar-21
Raw materials	5,829.41	4,853.29
Add: Raw materials in transit	-	-
Total Raw Material	**5,829.41**	**4,853.29**
Work-in-progress	2,734.22	1,639.57
Finished goods	1,666.79	1,323.96
Stores and Spares	1,860.63	2,098.52
Loose Tools	514.21	520.02
Others	167.18	97.07
Total	**12,772.45**	**10,532.42**

Notes to the financial statements for the year ended 31 March 2022

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

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

Particulars	31-Mar-22	31-Mar-21
Current		
(a) Considered good - Secured	**-**	**-**
(b) Considered good - Unsecured	20,209.12	13,804.23
(c) Which have significant increase in Credit Risk	281.70	225.56
(d) Credit impaired	-	-
Less: Provision for loss allowance	(281.70)	(225.56)
Total	**20,209.12**	**13,804.23**

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 ₹ 1562.20 Lakhs is receivable from said customer as on 31st March'2022 (as at 31st March'2021 ₹ 3374.78 Lakhs).Further an amount of ₹ 11,017.16 Lakhs (as at 31st Mar'2021 ₹ 4910.60 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.

Amararaja Infra Private Limited	83.18	63.99
RN Galla Family Private Limited	10.18	86.98
Amararaja Blaze Technologies Private Limited	0.08	21.94

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

vi) Movement in the provision for loss allowance

Particulars	31-Mar-22	31-Mar-21
Balance at the beginning of the year	225.56	344.50
Add: Provision created during the year	56.14	-
Less: Provision reversed/released during the year	-	(118.95)
Balance at the end of the year	**281.70**	**225.56**

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

Trade Receivables - Billed Ageing Schedule as at March 31, 2022

Particulars		Outstanding for following periods from due date of payment						Total
		Not due	Less than 6 months	6 months - 1 Year	1-2 Years	2-3 Years	>3 Years	
A	**Undisputed Trade receivables**							
(i)	Considered good	16,589.55	3,297.10	352.45	144.10	-	-	20,383.19
(ii)	Which have significant increase in credit risk	-	-	-	-	12.23	25.52	37.75
(iii)	Credit impaired	-	-	-	-	-	-	-
B	**Disputed Trade receivables**							
(i)	Considered good	-	-	-	-	-	-	-
(ii)	Which have significant increase in credit risk	-	-	-	-	-	69.87	69.87
(iii)	Credit impaired	-	-	-	-	-	-	-
	Less: Loss allowance	-	-	(117.39)	(56.69)	(12.23)	(95.39)	(281.70)
Total		**16,589.55**	**3,297.10**	**235.06**	**87.41**	**-**	**-**	**20,209.12**

Trade Receivables - Billed Ageing Schedule as at March 31, 2021

Particulars		Outstanding for following periods from due date of payment						Total
		Not due	Less than 6 months	6 months - 1 Year	1-2 Years	2-3 Years	>3 Years	
A	**Undisputed Trade receivables**							
(i)	Considered good	10,319.50	3,168.26	235.47	117.10	46.63	-	13,886.96
(ii)	Which have significant increase in credit risk	-	-	-	-	47.54	23.57	71.12
(iii)	Credit impaired	-	-	-	-	-	-	-
B	**Disputed Trade receivables**							
(i)	Considered good	-	-	-	-	-	-	-
(ii)	Which have significant increase in credit risk	-	-	-	-	70.28	1.42	71.71
(iii)	Credit impaired	-	-	-	-	-	-	-
	Less: Loss allowance	-	-	(57.42)	(25.32)	(117.83)	(24.99)	(225.56)
Total		**10,319.50**	**3,168.26**	**178.06**	**91.79**	**46.63**	**-**	**13,804.23**

Cash and cash equivalents and other bank balances

	Particulars	31-Mar-22	31-Mar-21
8B	**Cash and cash equivalents**		
	Balances with bank - in current accounts	-	0.00
	Balances with bank - in working capital accounts	6.10	-
	Balances with bank - in EEFC accounts	389.67	-
	Cash on Hand	-	0.84
	Total	**395.77**	**0.84**

Notes to the financial statements for the year ended 31 March 2022

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

	Particulars	31-Mar-22	31-Mar-21
8C	**Other bank balances**		
	Margin money deposits	71.33	112.76
	Total	**71.33**	**112.76**
8D	**Other Financial Asset**		
	Interest receivables	15.66	69.27
	Total	**15.66**	**69.27**

9 Current Tax Asset

Particulars	31-Mar-22	31-Mar-21
Advance Tax (net of provision)	-	-
Total	**-**	**-**

10 Other Current Asset

Particulars	31-Mar-22	31-Mar-21
i) Advances other than capital advances		
- Material & Other advances	2,772.74	1,280.00
Prepayment	157.21	72.93
Balances with government authorities	670.73	451.36
Total	**3,600.68**	**1,804.29**

Notes to the financial statements for the year ended 31 March 2022

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

11 Share Capital

Authorised	31-Mar-22	31-Mar-21
15,000,000 (31 March 2021: 15,000,000) equity shares of ₹ 10 each	1,500.00	1,500.00

Issued, Subscribed and paid up	31-Mar-22	31-Mar-21
13,903,877 (31 March 2021: 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-22	31-Mar-21
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:

Name of the promoters	31 March 2022		31 March 2021	
	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) Details of equity shares held by promoters as on 31.3.2022:

Name of the promoters	Type of share	FY 2021-22		% Change during the FY 2021-22
		No. of shares	% of total shares	
RNGalla Family Private Limited	Equity	13,903,877	100.00%	Nil

Details of equity shares held by promoters as on 31.3.2021:

Name of the promoters	Type of share	FY 2020-21		% Change during the FY 2020-21
		No. of shares	% of total shares	
RNGalla Family Private Limited	Equity	13,903,877	100.00%	Nil

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

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

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

Notes to the financial statements for the year ended 31 March 2022

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

12 Other Equity

Particulars	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**
Profit for the year	10,264.31
Other comprehensive income	76.75
Cash dividend	(848.14)
As at 31st March 2022	**45,822.15**

Item of other comprehensive income	31-Mar-22	31-Mar-21
Opening balance	(387.05)	(333.80)
Remeasurement of defined benefit obligation(net of tax)	76.75	(53.25)
Total	**(310.30)**	**(387.05)**

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.

Notes to the financial statements for the year ended 31 March 2022

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

vi. Dividend distribution made

Particulars	31-Mar-22	31-Mar-21
Cash dividend on equity share declared		
Dividend for the year ended 31 March 2021 and 31st March 2020 declared and distributed during the financial year 2021-22 and 2020-21 respectively.	723.00	222.46
Total	**723.00**	**222.46**

Proposed dividends on Equity shares:

The Board of Directors at its meeting held on 09.06.2022 have recommended a dividend of ₹ 11.10 /- per equity share of face value of ₹ 10/- each for the Financial year ended March 31, 2022. 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

Particulars	31-Mar-22	31-Mar-21
i) Secured		
a) Term Loans from bank		
- State Bank of India	12,441.41	4,120.00
ii) UnSecured		
a) Sales Tax Deferrment	14.28	14.28
b) Loan from related parties		
- RN Galla Family Private Limited	-	1,500.00
- Sri Harshavardhana Gourineni	-	200.00
Total	**12,455.69**	**5,834.28**

Notes to the financial statements for the year ended 31 March 2022

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

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

Name of the bank	Rate of interest	Repayment Schedule	Security
State Bank of India a) Term Loan Sanctioned amount ₹ 15000 Lakhs b) Amount drawn ₹ 7435.92 Lakhs c) Balance outstanding as on 31st March 2022 ₹ 7435.92	3M MCLR + 0.10% (effective rate on 15th June 2021 and valid upto 30th July 2022) 6.75%	Quarterly (Repayment schedule for total loan sanctioned) 2022-23 - 833.00 2023-24 - 3332.00 2024 -25 - 3332.00 2025 -26 - 3332.00 2026 -27 - 3332.00 2027 -28 - 839.00	Primary : First charge on Plant and Machinery of the company Exclusive charge on assets which includes Plant and Machinery of the company (created out of bank's finance). Further guaranteed by Holding company RN Galla Family Private Limited Collateral : (a) 2nd pari-passu charge on the entire fixed assets of the company along with other lenders. (b) 2nd pari-passu charge on the current assets of the company along other lenders.
State Bank of India a) Long term loan Sanctioned amount ₹ 3000 Lakhs b) Amount drawn ₹ 3000 Lakhs c) Balance outstanding as on 31st March 2022 ₹ 3000	6M MCLR + 1.0% 7.95%	Quarterly (Repayment schedule for total loan sanctioned) 2024 -25 - 750.002025 -26 - 750.00 2026 -27 - 750.00 2027 -28 - 750.00	Primary : First charge on Plant and Machinery of the company Exclusive charge on assets which includes Plant and Machinery of the company (created out of bank's finance).Second charges on all chargeble current assets of the company including stocks and receivables. Collateral: 1. EM of Factory Land & Building (Battery Components & Metal Frabrication SBU) at Karakambadi. 2. EM of First Charge on factory Land & building at Petamitta at 11.58 Acres. 3. EM of First Charge of Leasehold rights on factory Land & building at ARGC, Nunegundlapalli.
State Bank of India a) Long term loan Sanctioned amount ₹ 7000 Lakhs b) Amount drawn ₹ 7000 Lakhs c) Balance outstanding as on 31st March 2022 ₹ 4120 Lakhs	3M MCLR + 0.50% 7.15% (Valid upto 31st March '2022)	Quarterly 2022-23 - 1280.00 2023-24 - 1280.00 2024 -25 - 1280.00 2025 -26 - 280.00	Primary : First charge on Plant and Machinery of the company Exclusive charge on assets which includes Plant and Machinery of the company (created out of bank's finance). Collateral: 1. EM of Factory Land & Building (Battery Components & Metal Frabrication SBU) at Karakambadi. 2. EM of First Charge on factory Land & building at Petamitta at 11.58 Acres. 3. EM of First Charge of Leasehold rights on factory Land & building at ARGC, Nunegundlapalli. 4. 2nd pari-passu charge on the entire fixed assets of the company along with other lenders. 5. 2nd pari-passu charge on the current assets of the company along other lenders. Further guaranteed by Holding company RN Galla Family Private Limited

Notes to the financial statements for the year ended 31 March 2022

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

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

Name of the bank	Rate of interest	Repayment Schedule	Security
State Bank of India a) Long term loan Sanctioned amount ₹ 12000 Lakhs b) Amount drawn ₹ 12000 Lakhs c) Balance outstanding as on 31st March 2022 ₹ Nil	7.15%	Nil (Closed during the year)	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. 1. EM of Factory Land & Building (Battery Components & Metal Frabrication SBU) at Karakambadi. 2. EM of Factory Land & Building(Battery Components & Auto components SBU) at Petamitta. 3. EM of Factory Land & Building (Storage Solutions SBU) at Tenepalli. 4. EM of First Charge of Leasehold rights on factory Land & building at ARGC, Nunegundlapalli. Collateral : (a) 2nd pari-passu charge on the entire fixed assets of the company. (b) 2nd pari-passu charge on the current assets of the company along with ICICI Bank,Union Bank and City Bank. Personal guarantee of Sri Jayadev Galla, Dr. G.Rama Devi and Smt.Padmavathi Galla.
State Bank of India a) Long term loan Sanctioned amount ₹ 300 Lakhs b) Amount drawn ₹ 300 Lakhs c) Balance outstanding as on 31st March 2022 ₹ Nil	7.40%	Nil (Closed during the year)	Primary : Extension of First charge on current assets of company. Collateral : (a) 2nd pari-passu charge on the entire fixed assets of the company . (b) 2nd pari-passu charge on the current assets of the company along with ICICI Bank,Union Bank and City Bank. Personal guarantee of Sri Jayadev Galla, Dr. G.Rama Devi and Smt.Padmavathi Galla.

The details of interest free sales tax deferement as follows:

Particulars	31-Mar-22	31-Mar-21
Balance as at the beginning of the Year	**14.28**	89.80
Repayments made during the year	-	75.52
Closing balance as at the end of the Year	**14.28**	**14.28**
Current portion in above balance	**-**	**-**
Non-current portion in above balance	**14.28**	**14.28**

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%
The above unsecured loans were repaid in full during the year.

Notes to the financial statements for the year ended 31 March 2022

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

13B Lease Liability

Particulars	31-Mar-22	31-Mar-21
Non current		
Lease Liability	183.25	423.63
	183.25	**423.63**
Current		
Lease Liability	271.92	147.38
Total	**271.92**	**147.38**

14 Provisions

Particulars	31-Mar-22	31-Mar-21
Non current		
Provision for employee benefits		
- Gratuity	-	198.12
- Leave Encashment	590.91	510.73
	590.91	**708.85**
Current		
Provision for employee benefits		
- Gratuity (Net of fair value of plan assets)	13.97	81.17
- Leave Encashment	11.77	9.58
Total	**25.74**	**90.74**

15 Current borrowings

Particulars	31-Mar-22	31-Mar-21
a) Loan repayable on demand (from bank)		
i) Secured		
(a) Bank overdrafts / Cash Credit		
- State Bank of India	4,102.04	2,727.97
- Union Bank	-	479.00
- Citi Bank	-	106.92
- ICICI Bank	169.43	999.71
- AXIS Bank	178.81	-
b) Short term loans		
i) Secured		
- ICICI Bank	3,000.00	1,000.00
- AXIS Bank	2,500.00	-
(c) Current Maturities of long term borrowings		
- State Bank of India	2,113.00	3,595.80
- Interest free sales tax deferrment	-	75.52
Unsecured		
Loan from a company under Invoice based financing		
- TVS credit services limited	496.36	-
Total	**12,559.64**	**8,984.92**

Notes to the financial statements for the year ended 31 March 2022

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

Particulars	31-Mar-22	31-Mar-21
Aggregate secured borrowings	24,504.69	13,029.40
Aggregate unsecured borrowings	510.64	1,789.80
Total	**25,015.34**	**14,819.20**

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 a) Limit Sanctioned ₹ 4450 Lakhs b) Balance outstanding as on 31st March 2022 ₹ 4102.04	CC 3M MCLR + 0.50% (effective rate on 31st March 2022 is 7.15%) SLC 3M MCLR + 1.50% (effective rate on 31st March 2022 is 8.15%)	Primary : (a) Pari-Passu first charge on all chargeable current assets of the company including Stocks and receivables along with Union Bank, CITI Bank and ICICI bank.Hypothecation of Stock & Receivables. Further guaranteed by Holding company RN Galla Family Private Limited Collateral : (a) 2nd pari-passu charge on the entire fixed assets of the company along with other lenders. (b) 2nd pari-passu charge on the current assets of the company along other lenders.
Union Bank a) Limit Sanctioned ₹ 1500 Lakhs b) Balance outstanding as on 31st March 2022 ₹ Nil	1 Yr MCLR + 0.8% (effective rate on 31st march 2022 is 8.05%)	Primary :(a) Pari-passu first charge on entire current assets of the Company along (Both Present and Future) Collateral : (a) 2nd pari-passu charge on the fixed assets of the company (present and future) along with other lending banks excluding the value of term loans financed by other lenders.
CITI BANK a) Limit Sanctioned ₹ 500 Lakhs b) Balance outstanding as on 31st March 2022 ₹ Nil (Closed during the year)	8.30%	Primary :(a) First Pari Passu Charge on Present and Future current assets of the borrower. Collateral : Second Paripassu charge on the present and future fixed assets of the borrower 1. Factory Land & Building (Battery Components & Metal Frabrication SBU) at Karakambadi. 2. Factory Land & Building(Battery Components & Auto components SBU) at Petamitta. 3. Factory Land & Building (Storage Solutions SBU) at Tenepalli. 4. Leasehold rights on factory Land & building at ARGC, Nunegundlapalli. Demand promissory note and letter of Contuinity of facility value Personal gurantee of Dr. Ramachandra N Galla & Mr. Harshavardhana Gourineni.
ICICI Bank a) Limit Sanctioned ₹ 4000 Lakhs b) Balance outstanding as on 31st March 2022 ₹ 3169.43 Lakhs	WCDL - 5.10% OCC - 7.50%	Primary :(a) First Pari Passu Charge on entire current assets of the company, present and future along with other working capital lenders. Collateral : Second Paripassu charge on the movable fixed assets of the company both present and future, except assets exclusively financed by other banks or financial institutions. Inrepect of Working capital demand loan, the same is repayable in 7 to 180 days

Notes to the financial statements for the year ended 31 March 2022

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

Name of the bank	Rate of interest	Security
AXIS Bank a) Limit Sanctioned ₹ 3000 Lakhs b) Balance outstanding as on 31st March 2022 ₹ 2678.81 Lakhs	WCDL - 5.50% OCC - 7.00%	Primary :(a) First Pari Passu Charge on entire current assets of the company, present and future along with other working capital lenders. Collateral : Second Paripassu charge on the entire fixed assets of the company both present and future, except fixed assets (both movable and immovable) exclusively financed by other lenders . Inrepect of Working capital demand loan, the same is repayable in 7 to 90 days

a) All the borrowings were utilised for the purpose for which they were raised.

b) 'The company availed working capital loans against security of current assets.

c) 'The statement of current assets as filed with the banks in the returns submitted were in agreement with the books of accounts

d) The company has not declared as wilful defaulter by any of the bank or any other institution.

16A Trade payables

Particulars	31-Mar-22	31-Mar-21
Trade payables		
- Outstanding dues to micro enterprises and small enterprises	502.72	230.60
- Outstanding dues to creditors other than micro enterprises and small enterprises	11,403.55	11,660.04
Total	**11,906.27**	**11,890.64**

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

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

Particulars	31-Mar-22	31-Mar-21
(a) the principal amount remaining unpaid to any supplier at the end of each accounting year;	502.72	230.60
(b) the interest due thereon remaining unpaid to any supplier at the end of each accounting year;	0.03	3.10
(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;	-	-
(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	0.03	3.10
(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.	0.03	3.10

Notes to the financial statements for the year ended 31 March 2022

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

Ageing of Trade Payables as on 31.3.2022

Particulars	Outstanding for following periods from due date of payment				
	Less than 1 year	1 to 2 years	2 to 3 years	More than 3 years	Total
(i) MSME	502.72	-	-	-	502.72
(ii) others	11,331.53	8.54	0.37	-	11,340.44
(iii) Unbilled Dues	63.11	-	-	-	63.11
(iv) Disputed dues MSME	-	-	-	-	-
(v) Disputed dues others	-	-	-	-	-
Total					**11,906.27**

Ageing of Trade Payables as on 31.3.2021

Particulars	Outstanding for following periods from due date of payment				
	Less than 1 year	1 to 2 years	2 to 3 years	More than 3 years	Total
(i) MSME	230.60	-	-	-	230.60
(ii) others	11,651.68	7.45	-	-	11,659.14
(iii) Unbilled Dues	0.91	-	-	-	0.91
(iv) Disputed dues MSME	-	-	-	-	-
(v) Disputed dues others	-	-	-	-	-
Total					**11,890.64**

16B Other Financial Liabilities

Particulars	31-Mar-22	31-Mar-21
Current		
Interest accrued due on borrowing	86.05	50.28
Employees dues payable	746.42	821.83
Capital Creditors	427.80	551.35
Freight & other payables	104.06	181.32
Total	**1,364.33**	**1,604.79**

9 Current tax liabilities

Particulars	31-Mar-22	31-Mar-21
Current tax liabilities (Net of taxes Paid)	32.56	285.31
Total	**32.56**	**285.31**

17 Other liabilities

Particulars	31-Mar-22	31-Mar-21
Current		
Advance from customers	664.02	1,029.14
Statutory liabilities	566.02	727.53
Total	**1,230.04**	**1,756.67**

Notes to the financial statements for the year ended 31 March 2022

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

18 Revenue from Operations

Particulars	31-Mar-22	31-Mar-21
Sale of products	143,062.49	90,951.39
Sale of services	871.87	720.25
Other operating revenues	1,098.16	839.66
Total	**145,032.52**	**92,511.30**

18.1 Disaggregated revenue information

Particulars	31-Mar-22					
	Battery Components	Auto Components	Metal Fabrication	Storage Solutions	Trading	Total
Sales of products	75,519.21	19,592.53	20,567.93	8,118.81	19,264.02	**143,062.49**
Sale of services	112.61	72.64	0.00	686.61	-	**871.87**
Other operating revenues	414.77	160.16	422.39	100.84	-	**1,098.16**
Total Revenue from contract with customer	**76,046.59**	**19,825.33**	**20,990.33**	**8,906.26**	**19,264.02**	**145,032.52**
India	75,160.93	19,825.33	20,332.53	8,906.26	**19,264.02**	**143,489.07**
Outside India	885.66	-	657.79	-	**-**	**1,543.45**
Total	**76,046.59**	**19,825.33**	**20,990.33**	**8,906.26**	**19,264.02**	**145,032.52**

Particulars	31-Mar-21					
	Battery Components	Auto Components	Metal Fabrication	Storage Solutions	Trading	Total
Sales of products	56,513.43	12,542.84	12,077.66	4,823.81	4,993.66	**90,951.39**
Sale of services	86.97	4.89	17.81	610.57	-	**720.25**
Other operating revenues	463.39	98.45	226.42	51.40	-	**839.66**
Total Revenue from contract with customer	**57,063.79**	**12,646.17**	**12,321.89**	**5,485.79**	**4,993.66**	**92,511.30**
India	60,104.38	8,671.95	12,144.91	5,485.79	**4,993.66**	**91,400.69**
Outside India	915.09	18.54	176.98	-	**-**	**1,110.61**
Total	**61,019.48**	**8,690.49**	**12,321.89**	**5,485.79**	**4,993.66**	**92,511.30**

19 Other Income

Particulars	31-Mar-22	31-Mar-21
Interest income on		
- Bank and other deposits (At amortized cost)	53.42	143.14
Gain on Foreign Currency Transactions	112.17	105.05
Profit on sale of Assets	37.44	22.28
Provision for doubtful Advances no longer required credit back	-	183.45
Provision for doubtful debts no longer required credit back	-	118.95
Sale of non process scrap	20.65	9.52
Miscellaneous Income	76.78	4.29
Total	**300.46**	**586.67**

Notes to the financial statements for the year ended 31 March 2022

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

20 Cost of material consumed

Particulars	31-Mar-22	31-Mar-21
Inventory at beginning of the year	4,853.29	2,439.15
Add: Purchases	89,158.20	57,575.68
Add: Purchases of Stock in Trade	17,498.68	4,947.96
Less: Inventory at end of the year	5,829.41	4,853.29
Cost of material consumed	**105,680.76**	**60,109.49**

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

Particulars	31-Mar-22	31-Mar-21
Work-in-process		
Opening stock	1,639.6	1,457.9
Less: Closing stock	(2,734.2)	(1,639.6)
	(1,094.7)	**(181.7)**
Finished goods		
Opening stock	1,324.0	1,798.4
Less: Closing stock	(1,666.8)	(1,324.0)
	(342.8)	474.4
Total	**(1,437.49)**	**292.70**

22 Employee benefits expense

Particulars	31-Mar-22	31-Mar-21
Salary, wages, and bonus	9,288.43	7,858.96
Contribution to provident fund and other funds	928.11	955.79
Staff welfare expenses	1,437.22	1,100.80
Total	**11,653.76**	**9,915.54**

23 Finance Costs

Particulars	31-Mar-22	31-Mar-21
Interest expense		
Term loans	539.99	761.99
Working capital facilities	572.10	295.66
Lease Liability	34.84	16.62
Others	138.28	83.58
Other borrowing cost	160.19	15.00
Bank charges	17.78	50.12
Total	**1,463.17**	**1,222.97**

24 Depreciation and amortization expense

Particulars	31-Mar-22	31-Mar-21
Depreciation of property, plant and equipment	3,710.86	3,379.14
Amortisation of intangible assets	238.26	165.14
Total	**3,949.12**	**3,544.28**

Notes to the financial statements for the year ended 31 March 2022

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

25 Other Expenses

Particulars	31-Mar-22	31-Mar-21
Stores and spares consumed	2,785.69	2,098.11
Power and fuel	3,101.10	2,540.27
Insurance	202.20	142.42
Repairs and maintenance:		
Machinery	1,340.84	1,175.19
Buildings	36.26	64.65
Others	155.19	304.45
Other manufacturing expenses	744.82	514.46
Payment to auditors	10.50	9.50
Sales expenses	-	-
Freight outward	1,102.11	814.06
Business Promotion Expense	7.49	31.34
Remuneration & sitting fees to Non executive Directors	3.48	3.28
Donations	142.27	57.51
CSR expenditure (refer note below)	147.81	127.53
Electricity Charges	4.17	5.77
Office maintenance	27.35	27.41
Printing & Stationary	54.38	44.78
Consultancy & Professional Charges	764.52	210.83
Rates, Taxes & License	94.09	73.08
Rent	203.48	204.33
Telephone Expense	42.24	58.14
Staff Training Expense	35.33	58.43
Travel and conveyance	396.98	312.77
Bad and Doubtful advances written off	-	183.45
Asset written off	0.67	-
Provision for doubtful debts (net)	56.14	-
Loss on sale of property, plant and equipment (net)	22.96	-
Miscellaneous expenses	555.56	341.18
Total	**12,037.62**	**9,402.93**

26 Components of other comprehensive income

Particulars	31-Mar-22	31-Mar-21
Re-measurement losses on defined benefit plans	102.57	(81.85)
Deferred tax on remeasured loss	(25.81)	28.60
Total	**76.75**	**(53.25)**

Notes to the financial statements for the year ended 31 March 2022

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

27 Details of CSR expenditure

Particulars	31-Mar-22	31-Mar-21
Amount required to be spent for the year	147.81	127.53
Amount of expenditure incurred	147.81	127.53
Short fall at the end of the year	-	-
Total of Previous years short fall	-	-
Reason for short fall	NA	NA

Nature of CSR Activities

Particulars	31-Mar-22	31-Mar-21
Nature of CSR Activities	a) Construction of Refurbishment work for lift shaft at DG High school & Primary school at Dighuvamagham village, Chittoor District. b. Office furniture at mangal vidyalayam, Petamitta village,Chittoor District. c. Ambulance purchase for PHC at Petamitta village, Chittoor District. d. Visitor Hall construction at Guntur Government Hospital, Guntur	Common Infrastructure in Educational complex Petamitta including
Details of Related part transanctions - Contribution to rajannna trust controled by one of the directors of the company	147.81	127.53
Provision made inrespect of contractual obligation during the year	Nil	Nil

28 Income Tax

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

Particulars	31-Mar-22	31-Mar-21
Profit or loss Section		
Current tax	2,950.00	1,675.00
Deferred tax	(1,228.27)	1,280.13
Income tax expense reported in statement of profit and loss	**1,721.73**	**2,955.13**
OCI Section		
Deferred tax on Net loss on remeasurement of defined benefit plans	(25.81)	28.60
Income tax charged to OCI	**(25.81)**	**28.60**

Notes to the financial statements for the year ended 31 March 2022

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

Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for the year ended 31 March 2022 and 31 March 2021:

Particulars	31-Mar-22	31-Mar-21
Accounting profit before tax	11,986.04	8,610.07
Enacted Tax Rates in India (Under MAT)	24.38%	26.39%
Tax at statutory income tax rate	2,922.72	2,272.12
Less: Tax effects of expenses which are not deductible in determining taxable profit		
Depreciation difference	109.28	455.20
Expenses(net of Income) not deductible for tax purposes	(111.55)	120.32
Tax on Ind AS adjustments	(25.01)	21.60
Income tax expense reported in the statement of profit and loss	**2,950.00**	**1,675.00**

Deferred tax

Particulars	31-Mar-22	31-Mar-21
Deferred tax liabilties (net)	3,829.13	5,031.58
Deferred tax liabilties (net)	**3,829.13**	**5,031.58**

2021-2022	Opening balance	Recognised in Statement of profit and loss	Recognised in other comprehen-sive income	Closing balance
Deferred tax (liabilities) /assets in relation to:				
Property, plant and equipment	(5,455.23)	1,358.11	-	(4,097.13)
Disallowances under Income Tax Act, 1961, allowed on payment basis	65.42	(20.00)	-	45.42
Post employment benefits - Gratuity & leave encashment	279.41	(101.91)	(25.81)	151.68
Provision for doubtful debts and advances	78.82	(7.92)	-	70.90
Minimum alternate tax	-	-	-	-
Total	**(5,031.58)**	**1,228.27**	**(25.81)**	**(3,829.13)**

2020-2021	Opening balance	Recognised in Statement of profit and loss	Recognised in other comprehen-sive 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)	-	-
Total	**(3,772.53)**	**(1,280.13)**	**28.60**	**(5,031.58)**

Notes to the financial statements for the year ended 31 March 2022

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

29 Earnings per share

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

Particulars	31-Mar-22	31-Mar-21
Profit for the year	10,264.31	5,654.94
Profit attributable to equity holders for basic earnings	10,264.31	5,654.94
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)	73.82	40.67

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.

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.

Notes to the financial statements for the year ended 31 March 2022

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

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, 2022. There is no material impact on these financial statements for the year ended March 31, 2022 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 31 March 2022

(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.

Particulars	31-Mar-22	31-Mar-21
Contribution to provident fund,Super Annuation fund and ESI recognised as expense in the Statement of Profit and Loss	882.33	801.13

(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

Particulars	31-Mar-22	31-Mar-21
Net employee benefit expense recognised in the employee cost		
Current service cost	136.24	122.32
Interest cost on defined benefit obligation	14.34	12.82
Net benefit expense	**150.57**	**135.14**
Re measurement during the period/year due to :		
Actuarial loss / (gain) arising from change in experience	99.56	70.92
Return on plan assets excluding interest income	3.01	10.94
Amount recognised in OCI outside profit and loss statement	**102.57**	**81.85**

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

Particulars	31-Mar-22	31-Mar-21
Present Value of Defined Benefit Obligation	1,210.94	1,279.17
Fair Value of Plan Assets	1,239.16	999.88
Net defined benefit liability/ (Fund)	**-28.22**	**279.29**

Notes to the financial statements for the year ended 31 March 2022

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

Change in fair value of plan assets during the year

Particulars	31-Mar-22	31-Mar-21
Fair Value of Plan Assets at the beginning of the year	999.88	809.95
Return on Plan Assets excl. interest income	3.01	(10.94)
Past service cost	-	-
Interest Income	72.31	59.09
Contributions paid by the employer	232.66	186.86
Benefits paid	(68.69)	(45.09)
Return on plan assets excluding interest income	-	-
Fair Value of Plan Assets at the end of the year	**1,239.16**	**999.88**

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

Particulars	31-Mar-22	31-Mar-21
Defined benefit obligation at the beginning of the year	1,279.17	1,059.10
Current service cost	136.24	122.32
Past service cost	-	-
Interest cost	86.65	71.91
Transfer Out	-	-
Re measurement during the period due to :		
Actuarial loss/(gain) arising on account of experience Changes	(218.29)	70.92
Benefits paid	(72.83)	(45.09)
Defined benefit obligation at the end of the year	**1,210.93**	**1,279.17**

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

Particulars	31-Mar-22	31-Mar-21
Discount rate (p.a.)	7.35%	6.79%
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:

Particulars	31-Mar-22	31-Mar-21
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:

Particulars	31-Mar-22	31-Mar-21
Discount rate		
Impact of Increase by 1%	(153.08)	(172.72)
Impact of Decrease by 1%	185.91	211.36
Salary Escalation rate		
Impact of Increase by 1%	180.68	202.94
Impact of Decrease by 1%	(152.89)	(170.95)

Notes to the financial statements for the year ended 31 March 2022

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

Maturity analysis

Maturity profile of defined benefit obligation:

Particulars	31-Mar-22	31-Mar-21
Within 1 year	13.97	6.17
1-2 year	11.02	15.93
2-3 year	76.05	11.27
3-4 year	44.92	75.73
4-5 year	36.10	53.01
5-10 year	384.07	355.33
> 10 Year	644.81	761.73
Total expected payments	**1,210.93**	**1,279.17**

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 (Up to June 11,2021)

Ashok Galla, Executive Director (From November 18, 2021)

Relative of Key Management Personnel

Dr. G. Ramadevi, Mother of Sri Harshavardhana Gourineni

Mr.Jayadev Galla, Father of Sri Ashok Galla

Mrs.Padmavathi Galla Mother of Sri Ashok Galla

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 Media Entertainment Private Limited

Amara Raja Blaze Technologies Pvt Limited

Rajanna Trust

Krishnadevaraya Educational and Cultural Association

Notes to the financial statements for the year ended 31 March 2022

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

(b) Transactions with the related parties during the year (Net of Taxes)

Particulars	31-Mar-22	31-Mar-21
Remuneration		
Sri Harshavardhana Gourineni	122.73	449.03
Sri.Ashok Galla	228.41	-
Lease Rents		
Amara Raja Batteries Limited	3,879.61	3,358.44
Donations		
Rajanna Trust	285.08	180.05
Krishnadevaraya Educational and Cultural Association	5.00	5.00
Reimbursements for expenses - Paid to		
Amara Raja Batteries Limited	1,148.80	1,023.28
Amara Raja Power Systems Limited	193.81	155.41
RNGalla Family Private Limited	53.42	63.59
Reimbursements for expenses - Received from		
Amara Raja Batteries Limited	7.93	-
Amara Raja Electronics Limited	-	-
Amara Raja Power Systems Limited	-	-
Amara Raja Infra Private Limited	0.38	0.22
RNGalla Family Private Limited	375.95	250.47
Sale of goods/services		
Amara Raja Batteries Limited	92,104.45	67,533.34
Amara Raja Electronics Limited	958.60	23.54
Amara Raja Power Systems Limited	1,061.49	1,362.63
Amara Raja Infra Private Limited	456.09	199.94
Amara Raja Blaze Technologies Pvt Limited	0.08	17.17
RNGalla Family Private Limited	11.27	120.82
Sale of Capital goods/services		
Amara Raja Batteries Limited	36.19	-
Purchase of goods/services		
Amara Raja Batteries Limited	102.41	53.41
Amara Raja Infra Private Limited	1,768.56	1,552.65
G2H Health Care Private Ltd	-	1.20
RNGalla Family Private Limited	0.33	0.11
Purchase of Capital goods/services		
Amara Raja Infra Private Limited	2,270.35	56.19
Amara Raja Power Systems Limited	318.52	-
Interest Income		
Amara Raja Power Systems Limited	13.70	52.12
Amara Raja Electronics Limited	4.66	22.61
RNGalla Family Private Limited	3.63	33.40
Amara Raja Infra Private Limited	6.79	3.43

Notes to the financial statements for the year ended 31 March 2022

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

Particulars	31-Mar-22	31-Mar-21
Interest expense		
Amara Raja Batteries Limited	74.89	36.40
Amara Raja Infra Private Limited	19.73	3.74
Amara Raja Power Systems Limited	-	-
RNGalla Family Private Limited	8.14	10.04
Sri Harshavardhana Gourineni	10.66	19.05
Dividends Paid		
RNGalla Family Private Limited	848.14	222.46
Unsecured Loans		
RNGalla Family Private Limited	-	1,500.00
Sri Harshavardhana Gourineni	155.00	100.00

(c) Balances with the related parties

Particulars	31-Mar-22	31-Mar-21
Remuneration Payable		
Sri Harshavardhana Gourineni	106.36	371.63
Sri Ashok Galla	198.93	-
Lease Rents payable		
Amara Raja Batteries Limited	1,066.04	1,190.78
Reimbursement of expenses payable		
Amara Raja Batteries Limited	150.13	194.15
Amara Raja Power Systems Limited	19.53	56.42
RNGalla Family Private Limited	4.86	8.79
Reimbursement of expenses receivable		
Amara Raja Electronics Limited	-	-
Amara Raja Infra Private Limited	0.28	0.22
RNGalla Family Private Limited	33.60	130.27
Trade receivables		
Amara Raja Batteries Limited	1,424.01	3,374.78
Amara Raja Electronics Limited	400.42	175.97
Amara Raja Power Systems Limited	135.13	647.87
Amara Raja Infra Private Limited	81.98	61.88
‘Amara Raja Blaze Technologies Pvt Limited	0.08	21.94
RNGalla Family Private Limited	10.18	86.98
Advances against supply of goods or services		
Amara Raja Batteries Limited	154.52	340.64
Trade Payables		
Amara Raja Batteries Limited	-	0.13
Amara Raja Infra Private Limited	459.71	125.10
G2H Health Care Private Ltd	-	0.14
RNGalla Family Private Limited	-	0.13
Creditor for capital goods		
Amara Raja Infra Private Limited	116.83	26.57

Notes to the financial statements for the year ended 31 March 2022

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

Particulars	31-Mar-22	31-Mar-21
Amara Raja Power Systems Limited	82.98	
Interest Payable		
Amara Raja Batteries Limited	0.63	1.75
Amara Raja Power Systems Limited	-	-
RNGalla Family Private Limited	-	-
Unsecured Loans		
RNGalla Family Private Limited	-	1,500.00
Sri Harshavardhana Gourineni	-	200.00
Interest receivable		
Amara Raja Electronics Limited	0.11	29.67
Amara Raja Power Systems Limited	0.55	66.35
RNGalla Family Private Limited	-	1.24
Amara Raja Infra Private Limited	0.90	-

Terms and conditions of transactions with related parties

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 2022, the Group has not recorded any impairment of receivables relating to amounts owed by related parties (31 March 2021: 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.

33 Contingent Liabilities and commitments

Particulars	31-Mar-22	31-Mar-21
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	49.52	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	9,386.60	6,176.98

Notes to the financial statements for the year ended 31 March 2022

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

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. 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 2022

Particulars	Battery Compo-nents	Auto Compo-nents	Metal Fabrica-tion	Storage Solutions	Trading	Total
Revenue from operations	76,046.59	19,825.33	20,990.33	8,906.26	19,264.02	145,032.52
Less: Inter-segment revenue	-	-		-		-
Revenue from operations	**76,046.59**	**19,825.33**	**20,990.33**	**8,906.26**	**19,264.02**	**145,032.52**
Segment profit	10,917.15	2,205.28	2,338.25	457.55	1,480.08	17,398.32
Less: Selling and other unallocable expense						5,412.28
Profit before tax						**11,986.04**
Tax expense						1,721.73
Profit after tax						**10,264.31**
Segment Assets	38,007.01	18,919.68	11,556.17	8,900.65	11,242.85	88,626.35
Add: Other unallocable assets	-	-	-	-	-	3,035.66
Total Assets	**38,007.01**	**18,919.68**	**11,556.17**	**8,900.65**	**11,242.85**	**91,662.02**
Segment liabilities	6,403.03	23,939.94	3,663.75	1,560.25	143.98	35,710.96
Add: Other unallocable liabilities	-	-	-	-	-	8,738.52
Total Liabilities	**6,403.03**	**23,939.94**	**3,663.75**	**1,560.25**	**143.98**	**44,449.48**
Segment depreciation	1,815.72	863.41	414.11	220.35	-	3,313.59
Add: Depreciation on other asset	-	-		-		635.53
Total depreciation	**1,815.72**	**863.41**	**414.11**	**220.35**	**-**	**3,949.12**

Notes to the financial statements for the year ended 31 March 2022

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

Year end 31 March 2021

Particulars	Battery Compo-nents	Auto Compo-nents	Metal Fabrica-tion	Storage Solutions	Trading	Total
Revenue from operations	57,063.79	12,646.17	12,321.89	5,485.79	4,993.66	92,511.30
Less: Inter-segment revenue	-	-		-		-
Revenue from operations	**57,063.79**	**12,646.17**	**12,321.89**	**5,485.79**	**4,993.66**	**92,511.30**
Segment profit	10,142.34	1,377.47	1,076.51	452.51	328.48	13,377.31
Less: Selling and other unallocable expense						4,767.24
Profit before tax						**8,610.07**
Tax expense						2,955.13
Profit after tax						**5,654.94**
Segment Assets	31,917.53	19,330.85	9,052.27	8,655.74	3,405.89	72,362.29
Add: Other unallocable assets	-	-	-	-	-	2,116.12
Total Assets	**31,917.53**	**19,330.85**	**9,052.27**	**8,655.74**	**3,405.89**	**74,478.41**
Segment liabilities	9,443.62	7,154.09	3,695.65	1,945.93	29.08	22,268.36
Add: Other unallocable liabilities	-	-	-	-	-	14,490.44
Total Liabilities	**9,443.62**	**7,154.09**	**3,695.65**	**1,945.93**	**29.08**	**36,758.80**
Segment depreciation	1,784.52	694.66	360.51	240.62	-	3,080.32
Add: Depreciation on other asset	-	-		-		463.96
Total depreciation	**1,784.52**	**694.66**	**360.51**	**240.62**	**-**	**3,544.28**

Revenue from operations

Particulars	31-Mar-22	31-Mar-21
Within India	143,489.07	91,400.69
Outside India	1,543.45	1,110.61
Total revenue as per statement of Profit & Loss	**145,032.52**	**92,511.30**

The revenue information above is based on the locations of the customers.

Revenue from one customer amounted to INR.93,180 lacs (31 March 2021: INR 64,752 lacs), which constitues more than 10% of total revenue.

Notes to the financial statements for the year ended 31 March 2022

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

35 Fair values

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

Particulars	Carrying value		Fair value	
	31-Mar-22	31-Mar-21	31-Mar-22	31-Mar-21
Financial assets at amortised cost				
Trade receivables	20,209.12	13,804.23	20,209.12	13,804.23
Cash and cash equivalents	395.77	0.84	395.77	0.84
Bank balances other than above	71.33	112.76	71.33	112.76
Other Financial assets Non Current	463.82	395.87	463.82	395.87
Other Financial asset Current	15.66	69.27	15.66	69.27
Financial liabilities at amortised cost				
Borrowings	25,015.34	14,819.20	25,015.34	14,819.20
Trade payables	11,906.27	11,890.64	11,906.27	11,890.64
Lease Liabilities	455.17	571.01	455.17	571.01
Other financial liabilities	1,364.33	1,604.79	1,364.33	1,604.79

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.

- 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.

Notes to the financial statements for the year ended 31 March 2022

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

- 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.

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.

Particulars	Carrying Value	< 12 months	1 to 5 years	> 5 years
As at 31 March 2022				
Borrowings	25,015.34	8,109.36	15,316.97	1,589.00
Other financial liabilities	1,364.33	1,364.33	-	-
Trade payables	11,906.27	11,906.27	-	-
As at 31 March 2021				
Borrowings	14,819.20	6,371.32	8,447.88	-
Other financial liabilities	1,604.79	1,604.79	-	-
Trade payables	11,890.64	11,890.64	-	-

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

Notes to the financial statements for the year ended 31 March 2022

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

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:

Particulars	31-Mar-22	31-Mar-21
Fixed Rate Instrument		
Financial Liabilities	496.36	1,700.00
	496.36	**1,700.00**
Variable Rate Instrument		
Financial Liabilities	24,518.97	13,119.20
Total	**24,518.97**	**13,119.20**

Interest Rate Sensitivitiy

Particulars	Effect on Profit before tax	
	100 bp increase	100 bp decrease
31-Mar-22		
Variable rate instrument	-245.19	245.19
31-Mar-21		
Variable rate instrument	-131.19	131.19

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-22	31-Mar-21
Payable	810.53	1,184.78
Receivable	467.85	390.74

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

Particulars	Changes in rate	Effect on profit before tax
31-Mar-22	5%	-17.13
	-5%	17.13
31-Mar-21	5%	-39.70
	-5%	39.70

Notes to the financial statements for the year ended 31 March 2022

(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, 2022, 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.

Particulars	31-Mar-22	31-Mar-21
Borrowings	25,015.34	14,819.20
Less: Cash & cash equivalents	467.10	113.61
Net Debt	24,548.24	14,705.59
Total Equity	47,212.54	37,719.61
Net Debt to Total Equity	0.52	0.39

38 Leases

The company has lease contracts for some of its factory premises and storage locations with lease term for a period of 1-5 years.

In case of premises with lease term of 12 months or less the company applies the short term lease recognition exemption.

Particulars		As at 31st March, 2022	As at 31st March, 2021
(i)	**The following is the breakup of current and non-current lease liabilities**		
	Current liabilities	271.92	147.38
	Non-current liabilities	183.25	423.63
	Total	**455.17**	**571.01**
(ii)	**The following is the movement of lease liabilities during the year**		
	Balance at the bigining	571.01	124.05
	Additions during the year	-	496.99
	Finance cost accrued during the year	34.83	16.62
	Payment of lease liabilities	150.67	66.65
	Balance at the end	**455.17**	**571.01**
(iii)	**Maturity analysis of lease liabilities**		
	Less than one year	271.92	147.38
	One to five years	183.25	423.63
	More than five years	-	-
	Total	**455.17**	**571.01**

Notes to the financial statements for the year ended 31 March 2022

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

(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, 2022	For the year ended 31st March, 2021
Interest on lease liabilities (Refer Note 23)	34.83	16.62
Depreciation of Right-of-use assets (Refer Note 3)	135.70	59.89
Rent expenditure that would have been charged to the Statement of Profit and Loss under Ind AS 17	150.67	66.65

(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, 2022. There is no material impact on these financial statements for the year ended March 31, 2022 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 Social Security, 2020

The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post employment benefits has been enacted. However, the date on which the Code will come into effect has not yet been notified. The Management will complete its evaluation and will give appropriate impact in its financial statements in the period in which the Code becomes effective.

Note No: 41

Sl No	Particulars	Formula	Year Ended March 31, 2022 Audited	Year Ended March 31, 2021 Audited	Variance	Reason for variance
1	Current ratio - [no. of times]	Current assets / current liabilities	1.35	1.06	27%	
2	Debt-equity ratio - [no. of times]	(Non-current borrowings (+) current borrowings) / Equity	0.53	0.39	35%	
3	Debt service coverage ratio ('DSCR') - [no. of times]	(Profit after tax before depreciation, amortisation, finance costs) / Interest expenses (+) principal repayments of long-term debt)	4.38	2.16	103%	
4	Return on equity (%)	(Profit after tax) / Average Shareholder's equity	24%	16%	50%	
5	Inventory turnover - [no. of days]	Average inventory / (revenue from operations / no of days for the period)	29.33	37.52	-22%	
6	Trade Receivables turnover - [no. of days]	Average trade receivables / (revenue from operations / no of days for the period)	42.80	39.19	9%	

Notes to the financial statements for the year ended 31 March 2022

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

Sl No	Particulars	Formula	Year Ended March 31, 2022 Audited	Year Ended March 31, 2021 Audited	Variance	Reason for variance
7	Trade payables turnover ratio - [no. of days]	Average trade Payables / (Raw material Purchases / no of days for the period)	35.59	51.00	-30%	
8	Net capital turnover	Turnover / (Current assets - current liabilities)	14.99	59.17	-75%	
9	Net profit Ratio	Profit after Tax / Turnover	7.08%	6.11%	16%	
10	Return on Capital employed (%)	EBIT / (Net worth + Total debt)	18.62%	18.72%	-1%	
11	Return on investment (%)	Income during the year / Time weighted average of investment	Nil	Nil	NA	

42 Other disclosures

a) The company doesnot have any transanctions or relationship with any companies struck off U/s 248 of Companies Act 2013 or

u/s 560 of the companies Act 1956.

b) There are no transactions that have been surrendered or disclosed as income during the year in tax assessments under Income tax Act 1956

which have not been recorded in the books of accounts.

c) There are no charges or satisfaction of charges yet to be registered with Registrar of companies beyond statutory period

d) The company has not traded or invested in Crypto currency/Virtual currency during the year.

e) The company has not advanced or loaned or invested funds to any other person or entity, including foreign entities (Intermediaries) with the understanding that the intermediaries shall directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (ultimate beneficiaries) or provide any guarantee/secutity to or on belalf of ultimate beneficiaries.

The company has not recived any funds from any person or entity, including foreign entities (funding party) with the understanding that the company shall directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the funding party (ultimate beneficiaries) or provide any provide any guarantee/secutity on belalf of ultimate beneficiaries.

43 Subsequent events

Proposed dividends on Equity shares:

The Board of Directors at its meeting held on 09th June 2022 have recommended a dividend of ₹ 11.10/- per equity share of face value of ₹ 10/- each for the Financial year ended March 31, 2022. The above is subject to approval at the ensuing Annual General Meeting of the Company and hence is not recognized as a liability.

Notes to the financial statements for the year ended 31 March 2022

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

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

45 Previous year figures have been regrouped wherever necessary to conform to the requirements of amended Sch III of the Companies Act 2013 effective from 01st April 2021.

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. 22202309AMPIDZ2938

Place : Hyderabad/ Petamitta
Date : June 09,2022

For and on behalf of the board

Jayadev Galla
Chairman
(DIN: 00143610)

Harshavardhana Gourineni
Director
(DIN No:07311410)

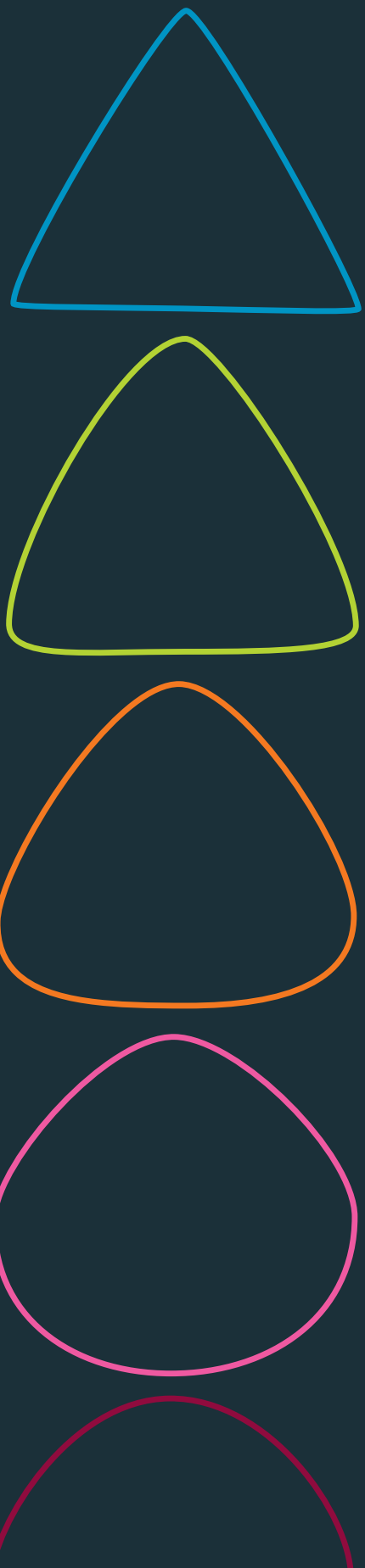
Ashok Galla
Executive Director
(DIN: 07304265)

G.Satish Kumar
Chief Financial Officer

P Ravi Kumar
Company Secretary

NOTE

NOTE



AMARA RAJA
Gotta be a better way

Mangal Industries Limited

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

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

mangalindustries.com