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CIN No : L72200TG1999PLC032836

To,

Date: 07.07.2021

The Manager BSE Limited P. J. Towers, Dalal Street Mumbai-400001 (BSE Scrip Code: 543270)	The Manager, NSE Limited, Exchange Plaza, Bandra Kurla Complex, Bandra (E), Mumbai- 400051. (NSE Symbol: MTARTECH)
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Dear Sirs,

Sub: Submission of 22nd AGM Annual Report for the Financial Year 2020-21 under Regulation 34 of SEBI (LODR) Regulation 2015.

Unit: MTAR Technologies Limited

In Compliance with Regulation 34 of SEBI (LODR) Regulations 2015, we are herewith submitting the 22nd AGM Annual Report for the Financial Year 2020-21 of the Company, which is dispatched to our shareholders on 07th July, 2021. The Annual General Meeting of the company is scheduled to be held on Friday, 30th day of July, 2021 at 03.00 pm through Video Conference "VC" / Other Audio-Visual Means.

This is for the information and records of the exchange, please.

Thanking You,

For MTAR Technologies Limited



**Shubham Sunil Bagadia
Company Secretary and Compliance officer**

Forward-looking statement

In this annual report we are presenting some forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements - written and oral - that we periodically make contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. Wherever possible, we have tried to identify such statements by using words such as 'anticipates', 'estimates', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of future performance.

We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in our assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions.

Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected.

We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

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Playing for Pride

At MTAR Technologies, we are engaged in taking India ahead in the community of nations.

We are working in the complex niches of Civil Nuclear Power, Space & Defence and Clean Energy, which are expected to play a larger role in national prosperity.

We are deepening our presence in the export of complex products to enhance India's global respect and self-reliance.

We are engaged in a business for reasons larger than profits, margins and earnings.

We are playing for pride.

Corporate snapshot

MTAR Technologies Limited is among the leading players in India's niche precision engineering industry.

The Company has drawn from nearly five decades of presence to emerge as a diversified engineering company,

The Company addresses some of the largest Indian customers in the fields of Civil Nuclear Power, Space & Defence and Clean Energy sectors.

By investing in futuristic technologies, knowledge and infrastructure, the company has emerged as a one-stop solution provider seeking to graduate India's respect the world over.



Our vision

- Be a reliable manufacturer and offer innovative manufacturing solutions to clients across diversified segments and geographies
- Enhance our current capabilities to manufacture world class products to cater to domestic and global engineering needs
- Create value for our employees, customers and stakeholders in the process
- Be an ESG compliant firm and generate margins through sustainable business practices



Rich experience

MTAR Technologies Limited was conceived in 1969 by three founders (P. Ravinder Reddy, K. Satyanarayana Reddy and P. Jayaprakash Reddy) with the objective to address the growing post-embargo engineering requirements of India. The Company now enjoys a rich experience of five decades and a prominent position in India's Civil Nuclear Power, Space & Defence and Clean Energy sectors. The company is led by Parvat Srinivas Reddy who possesses nearly three decades of vast experience in engineering and construction sectors. Parvat Srinivas Reddy was instrumental in establishing the Clean Energy and Export Defence verticals at MTAR.



Products

The Company specialises in the design and fabrication of complex assemblies like Fuelling Machine Head, Bridge & Column, Coolant Channel assemblies and Drive Mechanisms for the core of nuclear reactors; Liquid Propulsion Engines, Electro-Pneumatic Modules for Space Launch Vehicles and Base Shroud Assemblies and Airframes etc. for missiles in the Space & Defence sectors; SOFC and hydrogen units for Fuel cells in the Clean Energy sector.



Certifications

The Company has been accredited with certifications like ISO 14001:2015 and AS9100D (technically equivalent to EN 9100:2018 and JISQ 9100:2016). Our facilities at Unit 2 and EOU have been certified for ISO 14001:2015 Environmental Management System, ISO 45001:2018 Occupational Health & Safety and SO 27001:2013 Information Security Management System. We completed the NADCAP audit formalities for facilities at Unit 2 and MTS; the facilities are expected to be certified for NADCAP in H1 FY 2021-22.



Management

The Company is managed by P. Srinivas Reddy and a pool of experienced technical and management professionals. The Company comprised 1,453 employees as on March 31, 2021.



Customers

The Company addresses the growing needs of marquee Indian customers like Nuclear Power Corporation of India Limited, Indian Space Research Organisation, Defence Research and Development Organisation and Hindustan Aeronautics; its global customers comprise respected organisations like Bloom Energy, Rafael Advanced Defense Systems Ltd and Elbit Systems.



Knowledge capital

The Company is respected for its knowledge and experience. This has been derived from a foundation of more than 1,453 employees; 24 were employed in the R&D department in FY 2020-21. The company comprises a healthy mix of experienced and dynamic young professionals; average employee age stood at 39.6 years as on March 31, 2021.



Credit rating

The Company enjoys a credit rating of BBB+ (Stable) for long-term fund-based / cash credit facilities, long-term fund-based term loans, and long-term unallocated facilities and a credit rating of BBB+ (Stable) / A2 for long-term / short-term non-fund-based facilities from ICRA. The Company enjoys a long-term credit rating of BBB+ / Stable and short-term credit rating of 'A2' from CRISIL.



Geographic footprint

The Company's headquarters are located in Hyderabad (India); its seven manufacturing units including the new unit at Adibatla are located in the same city. These facilities have been invested with high tech CNC milling, turning, floor boring, jig boring machines etc., assembly and testing facilities as well as specialised fabrication, quality control, heat treatment, surface treatment and other specialised processes. The Company is a leading national player in precision engineering catering to strategic sectors on account of its deep technology commitment. This has been reinforced by a focus on proactive investments in cutting-edge technologies. The Company's state-of-the-art facilities comprise more than 400 equipment items. This investment has strengthened the company's positioning as a one-stop solution provider.

The Company's sustainability has been strengthened through its engagement with some of the most demanding customers within India and abroad. In FY 2020-21, the Company generated 46.67% revenue from contracts with customers in India and 53.33 % revenues from customers outside India.



Listing

MTAR was listed on National Stock Exchange and Bombay Stock Exchange in March 2021. The promoter's equity shareholding (post-issue) was 50.25%. The market capitalisation of MTAR as on March 31, 2021 was Rs. 31,495 Mn

Milestones

How we have grown across

1969

Inception of MTAR by establishing Unit 1 to supply coolant channel assemblies to the Department of Atomic Energy

1975

Started Montage (MTAR Unit 4) for Rough Machining Operations

1978-80

Established Heat Treatment & Surface Treatment Plant (MTAR Unit 5). Established MTAR Unit 3 for additional capacity of component manufacturing

1983

Commenced supplies of components to Indian Space Research Organisation (ISRO)

1985-86

Started manufacturing ball screws. Forayed into Defence manufacturing by adding DRDO to our customer base

Recognition

2002

MTAR was bestowed the Award for Excellence in Aerospace Indigenisation by Society of Indian Aerospace Technologies and Industries for its outstanding contribution towards indigenisation of the machining of critical components for Kaveri engines.

2004

MTAR was awarded the INS Industrial Excellence Award by the Indian Nuclear Society for contributions in the nuclear field through critical development assignments.

the decades

1989

Supplied the First Vikas Engine

2010-12

Commissioned an Export Oriented Unit; Commenced the manufacture of SOFC units for fuel cells of Bloom Energy

2018

Entered the aerospace segment; added Elbit Systems and Rafael Advanced Defense Systems Ltd, some of the largest global players, as clients

2020

Commenced the development of Roller Screws that are import substitutes

2021

Floated an Initial Public Offer; listed the company on the Indian stock exchanges. Completed the development of electro-pneumatic modules that shall be used in satellites in Space

2005

MTAR was awarded the Defence Technology Absorption Award by the Defence Research and Development Organisation in recognition of its technology absorption in the area of Agni missiles.

2018

MTAR was awarded the Best Quality Supplier Award by the helicopter division of Hindustan Aeronautics Limited in 2018.

2020

MTAR received an appreciation letter from RCI for the contribution towards the indigenisation of ball screws for actuation systems.

MTAR. One-stop solution provider for complex manufacturing requirements

The company has developed a respect for embracing complex machining, specialised fabrication, assembly & testing as well as heat treatment & surface treatment requirements of demanding customers



Advanced Machining



Specialised Fabrication



Assembly & Testing



Heat Treatment & Surface Treatment



Special Processes - Painting



Quality Control

MTAR. Respected as a pioneer in extending the precision engineering frontier in India

The company is engaged in embracing complex projects that are taking the interests of humankind ahead



Overview

The engine for the PSLV-C25, which launched the Mars Orbiter Mission Spacecraft (Mangalyaan mission), was supplied to ISRO by MTAR.

The engine for the PSLV-C49, which injected EOS-01 (earth observation satellite) was provided to ISRO by MTAR.

MTAR was integral to GSLV Mark III engine for the Chandrayaan II mission.

MTAR has been serving Civil Nuclear Power sector customers for over 35 years; it has sustained relationships with Nuclear Power Corporation of India Limited for over 16 years.

MTAR is developing associated technology for roller screws that substitutes imports across the Defence and Space segments for the first time in India

MTAR. Playing for pride

The company is engaged in projects intended to take India's respect ahead in the community of nations



Supporting India's space aspirations

MTAR is manufacturing or fabricating grid fin components, liquid propulsion engines and other assemblies for Gaganyaan, India's first human flight mission



MTAR. Advancing de-carbonisation for the benefit of the world

Clean energy accounts for more than 50% of MTAR's revenues, underlining its commitment to global carbon emissions reduction.

MTAR is committed to reduce the global carbon footprint through the manufacture of SOFC units, hydrogen

boxes and electrolyzers for fuel cells of Bloom Energy.

SOFC units use methane as an input to generate power; the process generates 66% less carbon than thermal power plants.

In collaboration with Bloom Energy, MTAR developed prototypes for hydrogen boxes that utilise hydrogen as an input to generate power and electrolyzers that generate green hydrogen from steam.

MTAR also fabricates specialised components for the hydel power sector.



MTAR. Supporting India's Civilian Nuclear Energy programme

MTAR has supplied complex assemblies to the core of Kakrapar, India's first 700 MW nuclear reactor commissioned in July 2020.

Managing Director's overview



At MTAR, we are committed to build an institution to make India proud

Overview

I take pride in presenting our first annual report since going public.

FY 2020-21 was a significant year as MTAR went public, generating historic subscription for a fund size of above Rs. 5,000 Mn and emerging as a national asset in the wider sense.

At MTAR, we were driven by a desire to indigenise technologies in strategic sectors to benefit the greater community. In the course of five decades, we built complex precision engineered products and assemblies and enjoy a proud heritage of nation building. By the virtue of distinctive engineering capabilities, we are confident of taking this rich legacy ahead, helping build a stronger India.

Strengthening sectorial trend

We are positioned in the most exciting phase of India's manufacturing journey. There is a large sectorial wave unfolding and the challenge of the day is to ride the right crest that could lead our company into an ocean of unlimited possibilities.

The proposed capacity addition of 15.7 GW through nuclear energy in India, including the addition of fleet reactors, represents a growing market. Besides, the reactors under construction entail 12% CAGR over the next decade versus 4% CAGR in the past, influenced by the Government of India's emphasis on capacity addition and rising carbon neutrality objectives. The after-market revenue from the maintenance and

refurbishment segments during FY 2015-19 was valued at Rs. 5.5 Bn-6 Bn; this is estimated at Rs. 9 Bn-10 Bn over FY 2020-25 as the majority of India's installed reactor base hits the critical 20-year life span.

India's space programme is expected to post a 7.5% CAGR over FY 2021-25 as against-12.8% CAGR over FY 2017-21. This growth will be driven by declining launch costs, increasing the role for the private sector through the New Space Policy 2020, formation of New Space India and commercialisation of Space through In-Space.

India's Defence sector is being driven by the Atmanirbhar Bharat initiative, marked by the ban on 101 imported items and DRDO's announcement of the indigenisation of 108 systems and sub-systems.

The global clean energy market addresses a similar opportunity. The global fuel cell market is expected to post a 14.5% CAGR as higher volume growth of 35-40% is likely to be offset by a 15% annual cost decline. This is expected to strengthen revenues of Bloom Energy, the leading global player, which, in turn, could accelerate order inflows and revenues for MTAR.

The 'I' word

One of the most exciting trends in India is that of indigenisation.

MTAR is taking national competitiveness ahead by contributing to the

indigenisation of technologies in collaboration with our customers. At a time when the world is seeking a manufacturing alternative to China, the opportunity is not just for Indian manufacturing companies to reduce import substitution; the opportunity is for Indian companies to go out and be counted among world leaders.

As a future-focused company, we are continuously evaluating industry possibilities and responding with a culture of preparedness. In line with the commitment to Aggregate-Extend-Scale, we are extending our core capabilities towards specialised fabrication and sheet metal; we are developing new products such as roller screws and electro-mechanical actuators, enriching our pool of competence with engineering and managerial capabilities.

A review of FY 2020-21

A history of continuous innovation driven by operational excellence is embedded in our DNA. At MTAR, we embark on capacity addition and product development strategy more than four years ahead of product launch; and revenues; the result is that we are seeding our portfolio and business with new capabilities, products and revenues every year.

In FY 2020-21, we completed the development of electro-pneumatic modules for ISRO and are anticipating substantial orders for electro-pneumatic

modules. In collaboration with Bloom Energy, we developed the manufacturing technology for hydrogen boxes that draw on hydrogen as an input to generate power and the manufacture of electrolyzers that generate green hydrogen from steam.

We initiated work on the establishment of sheet metal and specialised fabrication; our Adibatla facilities are expected to be operational by FY 2021-22. The new facilities are expected not only to increase our wallet share from existing clients but also add multi-national customers. We are presently involved in the development of a Semi-Cryo Engine, the next generation liquid propulsion engine that uses kerosene as a propellant and liquid oxygen as an oxidiser, expected to be rolled out in FY 2021-22. Besides, a Semi Cryo Engine improves the payload carrying capacity of GSLV Mark III to 6 tons from 4 tons. We commenced the development of associated technologies for the manufacture of roller screws and electro-mechanical actuators and are excited about rolling these products out in FY 2021-22.

While we created a loyal customer base over five decades and emerged as a trusted partner for customers, we are widening our customer base. Our facilities at Unit 2 and Export Oriented Unit have been certified for ISO 14001:2015 Environmental Management System, ISO 45001:2018 Occupational Health & Safety and ISO 27001:2013 Information Security Management System, a milestone in our journey towards being recognised as a 100% ESG compliant firm, widening our international acceptance.

In a significant development, the company completed the initial public offer (IPO) process in a record five months. Two of the country's top mutual funds SBI and Axis invested in our company in Pre-IPO. We generated a historic ~200x subscription for a fund size of above Rs. 5,000 Mn. We raised nearly Rs. 2,130 Mn net of expenses in the IPO and pre-IPO. The company was listed at Rs. 1,050 per share, a premium of 85% over the listed price of Rs. 575 per share. The IPO provided us with enhanced visibility across prospective customers and patient capital. We were rated BBB+ positive by CRISIL and ICRA in FY 2020-21,

an upgradation from BBB- stable by ICRA in FY 2019-20.

We reported revenues of Rs. 2,464.32 Mn from operations, with YoY growth of 15.3%. We posted an EBITDA of Rs. 830.92 Mn with a margin of 33.7%, a YoY 43.3% growth in absolute terms. Our Profit After Tax was Rs. 460.83 Mn with a margin of 18.7% and YoY growth of 47.1% in absolute terms. Our domestic revenues increased substantially in FY 2020-21, strengthening our margins.

Our results are an outcome of the dedication of our employees during the toughest times, coupled with consistent support from customers and suppliers. Our proactive production and material planning in addressing supply chain and production bottlenecks resulted in growth amidst unprecedented challenges posed by the COVID-19 pandemic

We prevailed during the pandemic lockdown of 45 days for the following reasons: decentralised production planning coupled with continuous monitoring at the unit level to achieve challenging targets; proactive raw materials procurement to mitigate supply chain disruptions arising out of intermittent lockdowns, which increased our net working capital requirement; continuous follow-up with customers for the release of free issue material in a timely manner; diversified and robust supplier base spread across geographies that enabled us to navigate supply chain disruptions.

Outlook

Our order book stood at Rs. 4,159.39 Mn (1.7x sales), a 27.2 % CAGR over FY 2018-21 and is expected to grow substantially by FY 2022-23E. We believe our long-standing client relationships, stringent qualifications criteria and presence of limited players will provide us with a higher order win ratio. In addition, MTAR has enough spare capacity to cater to the increased orders. Further, we are enhancing our productivity by optimising programming, tooling and fixturing techniques that could result in cycle time reduction. As and when required, the company is willing to invest in capabilities to develop new technological competence; the company would like

to grow through organic and in organic routes over the coming years.

We seek to enhance our shareholder value through various initiatives.

One, capitalise on the upward trend in the Civil Nuclear Power, Space & Defence and Clean Energy sectors, marked by high entry barriers.

Two, increase revenues from our existing products portfolio by entering batch and volume production

Three, increase wallet share from existing clients by widening our products portfolio

Four, expand our international presence by increasing exports, especially in the area of Clean Energy by enhancing our global customer base

Five, seek operational efficiencies through supply chain rationalisation and effective planning.

The focus at MTAR is not merely reporting better revenues and profitability in a specific financial year; it is about investing in deeper in cutting-edge technologies to develop products that help take national competitiveness ahead. We seek to graduate from precision engineering solutions to integrated solutions, thereby contributing further to the Indian manufacturing success story

Acknowledgments

I would like to thank all our Board of Directors, employees, customers, suppliers, investors, and all the other stakeholders who have supported us throughout our journey and enabled us to scale the heights over the years. We are committed to build a precision engineering institution respected globally for quality, credibility, dependability and profitability. If we do this, we are confident that we will have generated attractive value for all those associated with our company.

Srinivas Reddy
Managing Director

MTAR's product
portfolio.
Comprising
cutting-edge
products
and futuristic
applications

Civil Nuclear Power sector



Fuelling machine head

Comprises the manufacture and assembly of 600 components used in loading and unloading fuel bundles in the nuclear reactor



Bridge and Column

Moves the fuelling machine head sideways and vertically to facilitate the loading and unloading of various nuclear fuel bundles in the nuclear reactor



Grid Plate

Comprises 1,758 holes in the top and bottom plate; used for resting fuel sub-assemblies in a prototype fast breeder reactor



Control Plug

Used in Prototype Fast Breeder Reactors



Coolant Channel Assemblies

Comprises sealing plug, shielding plug, liner tubes and end fitting assemblies



Calandria Vault Top Hatch Cover Beam

Requires high positional and dimensional accuracy



Channel Health Assessment System

Used for inspection of coolant tubes in the reactor



Ball Screws

Import substitutes used in various assemblies including fuelling machine head and bridge & column



Water Lubricated Bearings

Import substitutes used in fuelling machine head

Space sector

GSLV Mark III



→
Stage 3



Valves used in satellites



Ball screws

→
Stage 2



Cryogenic Upper Stage (LOX Turbo Pump, LH2 Turbo Pump, Injector Head and Gas Generator)

→
Stage 1



Electro-pneumatic modules

→
Stage 1



Vikas Engine

Defence sector



Base shroud assembly

Used in Agni missiles like A1, A2 A3, A4, A5 and A1 P programs



Actuators for LCA Tejas

Actuators used in flaps of LCAs



Main Gear Box

Used in helicopters

Clean Energy sector



SOFC and Hydrogen units for fuel cells of Bloom Energy

Reactor for fuel cells

The pedigree of our customers



Indian Space Research Organisation

Incorporated in 1969, Indian Space Research Organisation is the sixth largest space agency in the world. ISRO works on space exploration programmes and application-specific satellite products. ISRO has been involved in more than 100 space craft missions (including three nano satellites and one micro satellite) and 72 launch missions (including Scramjet-TD &RLV-TD). ISRO launched nearly 270 foreign satellites of more than 30 countries.

Nuclear Power Corporation of India Limited

A Public Sector Enterprise (under the administrative control of the Department of Atomic Energy, Government of India. The company drives the operations and implementation of atomic power plants. NPCIL is responsible for design, construction, commissioning and operation of nuclear power reactors. NPCIL is operating 22 commercial nuclear power reactors with an installed capacity of 6780 MW. NPCIL has eight reactors under various stages of construction totaling 6200 MW capacity.

DRDO

R&D wing of Ministry of Defence in India with a vision to empower India with cutting-edge defence technologies and achieve self-reliance in critical defence technologies and systems. DRDO comprises a network of more than 50 laboratories engaged in developing defence technologies. DRDO's indigenous development and production of strategic systems and platforms comprised Agni and Prithvi series of missiles, light combat aircraft Tejas, air defence system Akash and a range of radars and electronic warfare systems.

Bloom Energy Inc.

Provides solid oxide fuel cell technology. Technology generates onsite power from multiple fuel sources. Offers services to the banking, financial services, cloud services, data centers, technology, communications and media, consumer packaged goods and consumables, government, healthcare, hospitality, logistics, manufacturing, real estate and retail industries. Manufacturing facilities in California and Delaware.

Elbit Systems

Israel's largest publicly traded arms and security company. Has military contracts with governments in the US, UK and Europe, Africa, Asia and South America. Makes fighter jets fiercer and soldiers' eyes sharper by supplying and upgrading defence electronics for airborne, space, land and naval platforms, including fixed wing and helicopter support.

Rafael Advanced Defense Systems Ltd.

One of Israel's three largest defence companies, with 8,000 employees and numerous subcontractors and service providers. Synonymous with dynamic defence, daring innovation, and technological ingenuity. Pioneered advances in defence, cyber and security solutions for air, land, sea, and space. Innovations based on extensive operational experience and understanding of evolving combat requirements.

Hindustan Aeronautics Limited

Established in 1940, a state-owned aerospace and defence company. Currently, involved in designing and manufacturing of fighter jets helicopters, jet engine and marine gas turbine engine, avionics, software development, spare supply, overhauling and upgrading of Indian military aircraft. HAL comprises 11 dedicated Research & Development centers and 21 manufacturing divisions under four production units. More than 40% of HAL revenues are derived from international deals to manufacture aircraft engines, spare parts and other aircraft materials.

Our competitive strengths

MTAR has aggregated a rich experience of technologies across the decades. The result is that the company has product fabrication to solutions delivery.

Complex precision engineering expertise

Diverse product portfolio and long-standing relationships with our customers

Modern technology at our state-of-the-art manufacturing facilities

Strong and diversified supplier base for sourcing of raw materials

Strong financial track record

Experienced and qualified management team



Complex precision engineering expertise

MTAR develops and manufactures a range of mission-critical assemblies and precision components with close tolerances (5-10 microns) through its precision machining, assembly and specialised fabrication facilities. A stringent testing and quality control mechanism, undertaken at each stage of the production process, ensures that our finished product conforms with the precise requirements of customers. Most manufacturing

facilities, including our EOU, possess accreditations such like ISO 9001:2015 and AS9100D (technically equivalent to the EN 9100:2018 and JISQ 9100:2016 certifications) for quality management systems.

The company continuously reinvented to adapt to technological disruptions by investing in manufacturing and research facilities, fostering a culture of continuous innovation. Our R&D efforts

include technologies and solutions that not only allow for product cycle time reduction, but also enable us to achieve design specifications with accuracy, irrespective of the size of our products. Our process planning and methods team plays a vital role in optimizing manufacturing technology through our R&D. This team enhances the manufacturing efficiency of existing products, reduces production costs and introduces innovative solutions.

Diverse product portfolio and long-standing relationships with our customers

MTAR developed a wide product portfolio of exceptional quality, catering to customers in diverse segments. As on March 31, 2021, our significant product portfolio included three kinds of products in the Clean Energy sector, 14 kinds of products in the Civil Nuclear Power sector and six kinds of products in the Space & Defence sectors. Our ability to provide quality customised products and superior service translated into enduring customer relationships.

Within the Civil Nuclear Power sector, our long-standing relationship of over 16 years with Nuclear Power Corporation bears testimony to our ability to manufacture and supply specialised products. These products

(Fuelling Machine Head, Bridge and Column and Coolant Channel assemblies, among others) are marked by high positional and dimensional accuracy not just for new pressurised heavy water nuclear reactors, but also for the refurbishment of existing reactors.

Within the Space & Defence sector, we established an enduring relationship with ISRO, supplying a variety of mission-critical assemblies and components, including liquid propulsion engines, cryogenic engines (turbo pumps, booster pumps, gas generators and injector heads for such engines) and electro-pneumatic modules to serve space launch vehicles for its various missions (Chandrayaan 2,

Mangalyaan, PSLV-C49 etc.) across three decades. We have also undertaken complex assemblies such as the base shroud assembly (for Agni missiles) and assembly of SITVC valves and HFTC valves; we manufactured actuators for light combat aircrafts for DRDO. We supplied critical defence products such as aluminium weldments and other machined components Rafael Advanced Defense Systems Ltd and Elbit Systems.

We are in the process of developing the associated technology for roller screws and electro-mechanical actuators that find application in Space & Defence sectors.

Revenue (Rs. Mn)	FY 2020-21	% Contribution	FY 2019-20	% Contribution	YoY Growth %
Domestic	1135.12	46.7%	675.76	32.4%	68.0%
Exports	1297.17	53.3%	1408.82	67.6%	(7.9%)
Total	2432.29		2084.58		

Modern technology at our state-of-the-art manufacturing facilities

We operate through our six state-of-the-art manufacturing facilities, including one export oriented unit, each of which is situated in Hyderabad. We are in the process of establishing sheet metal and

specialised fabrication facilities at our Adibatla unit. Our units are equipped with state-of-the-art machining, assembly & testing, specialised fabrication, heat treatment, surface treatment and quality control facilities.

We have consistently undertaken expansions of manufacturing facilities through accruals. We believe that our manufacturing facilities make it possible to expand at a minimal cost, strengthening our competitiveness.

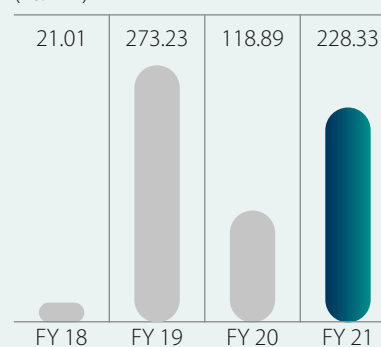
Description and Location of the facility	Products manufactured	Sectors addressed	Facilities offered
Unit 1, situated at 18, Technocrats Industrial Estate, Balanagar	Complex nuclear assemblies manufacturing such as fuel machining head, thimble package, top hatch beam, bridge and column and high end defence products such as air frames, base shroud assembly for Agni missiles, among others	Civil Nuclear, Power and Defence	Advanced computerised numerical control (CNC) machining and quality control
Unit 2, Gandhinagar, Hyderabad	Liquid propulsion engines such as Vikas engine, cryogenic engines, semi cryo engine, electro pneumatic modules for use in polar satellite launch vehicle (PSLV) and geosynchronous satellite launch vehicle (GSLV) launch vehicles and satellite valves	Space	Advanced CNC machining, assembly, specialised fabrication, quality control and testing
Unit 3, Gandhinagar, Hyderabad	High Volume nuclear assemblies including coolant channel assemblies, products such as ball screws, WLBS and other nuclear site orders	Civil Nuclear, Power and Defence	Advanced CNC machining and quality control
Export-oriented unit in Gandhinagar	Power units for supply to Bloom Energy and high-end defence components for an Israeli defence technology company	Clean Energy and Export Defence	Advanced CNC machining, assembly, special processes, and quality control
Unit 4, Balanagar Township, Hyderabad	This is a supporting unit and undertakes rough machining	-	Rough machining
Unit 5, Jeedmetla, Hyderabad	This is a supporting unit and undertakes surface and heat treatment	-	Surface treatment, heat treatment and special processes
Unit 6, Adibatla	We are in the process of establishing sheet metal and specialised fabrication facilities at Adibatla		Assembly

We designed and built with in-house expertise sophisticated special purpose machines instead of importing comparable machines. Our Company built machines such as SPM 99, gantry special purpose machines, deep hole boring machines and vertical honing machines, among others, used for special purpose operations. Our state-of-the-art manufacturing facilities enable us to produce build-to-print products of high dimensional accuracy in line with customer specifications.

Majority of our facilities are fungible across all the sectors, which provides us a wider capacity utilisation flexibility. We manufacture quality-customised products at one or more of our facilities that results in optimal capacity utilisation.

In FY 2020-21, our capital expenditure towards additions to property, plant and equipment and intangible assets was Rs. 228.33 Mn.

Capital Expenditure (Rs. Mn)



Strong and diversified supplier base for sourcing of raw materials

Raw material expenses constitute a significant part of our costs; purchasing the right material is essential to address product requirements. Our Company has, over the years, developed a robust domestic and global supply chain, including suppliers from Europe, Asia and Americas, for the sourcing of specialised raw materials (alloy steels and others) used in mission-critical precision products.

We source materials from third party suppliers depending on project complexity, especially those involving critical and sensitive raw materials. The materials utilised for products catering

to the Clean Energy and Civil Nuclear Power sectors, and other consumables and bought-outs, are mostly sourced from third party suppliers.

Our cost of materials consumed for FY 2020-21 was Rs. 1,017.54 Mn (41.29 % of our revenues). We maintain enduring relationships with suppliers to derive better insights in the markets of our raw materials; they help us manage our raw material supply chain, strengthening supply predictability and ability to achieve on-time delivery.

Our raw material prices vary from market to market, and our buying

team analyses the arbitrage in different markets to take advantage. We have a stringent vendor qualification process that enables us to keep a periodic check on our suppliers with regard to the quality of materials supplied and corresponding prices. We use these details for negotiating purchases and for quality claims, which we believe is important to our operations.

Strong financial track record

We increased our total income at a CAGR of 15.6% during the last three fiscal years, from Rs. 1,605.45 Mn in Fiscal 2018 to Rs. 2,477.42 Mn in

Fiscal 2021. We posted an EBITDA of Rs. 830.92 Mn in FY 2020-21 from Rs. 318.75 Mn in FY 2017-18 at a CAGR of 37.6%. Our PAT was Rs. 460.83 Mn in FY

2020-21 compared with Rs. 54.23 Mn in FY 2017-18, a CAGR of 104.1%.

Experienced and qualified management team

Our Company is led by Parvat Srinivas Reddy who possesses nearly three decades of experience in the manufacturing and construction industry; he was instrumental in establishing and growing the exports vertical. Our technical and corporate

management team possesses substantial experience in the sectors we serve.

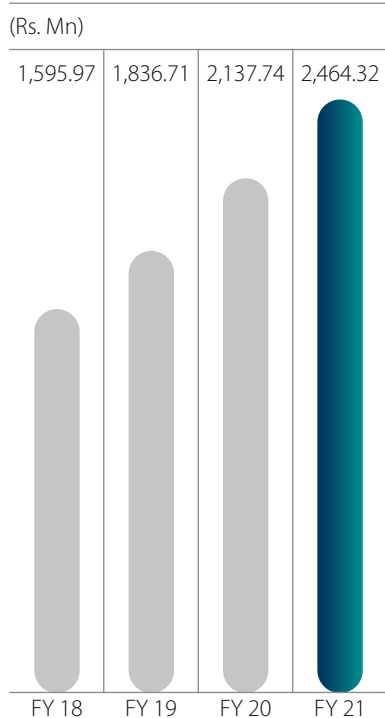
Our growth is also attributable to our entrepreneurial spirit, each vertical being managed by experienced hands-

on segment heads. Our business heads are supported by trained personnel and skilled workers. As on March 31, 2021, we had 1,453 employees including 401 staff, 775 workmen and 277 third party contractors.

How we have grown in the last few years

Our growth in the last few years has been profitable, the basis of value creation

Revenues



Definition

Growth in sales net of taxes (if any)

Why is this measured?

It showcases the Company's ability to enhance sales, a number that can be compared with sectorial peers.

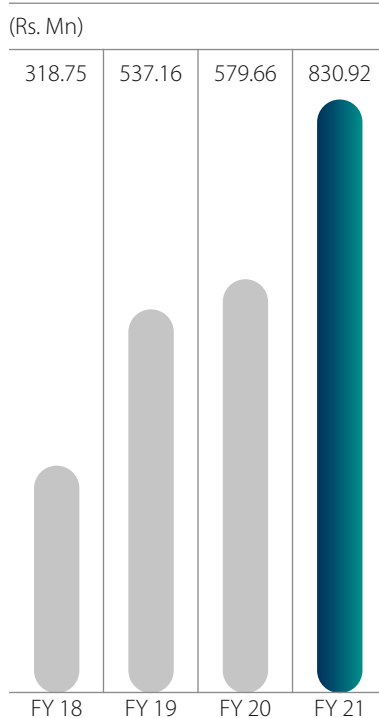
What does it mean?

Aggregate sales increased by 15.3% to Rs. 2,464.32 Mn in FY 2020-21 due to various business-strengthening initiatives (detailed in the report)

Value impact

The company grew faster than the sectorial average, which resulted in a growth in market share in FY 2020-21.

EBITDA



Definition

Earnings before the deduction of fixed expenses (interest, depreciation, extraordinary items and tax)

Why is this measured?

It is an index that showcases the Company's ability to generate a surplus following the expensing of operating costs.

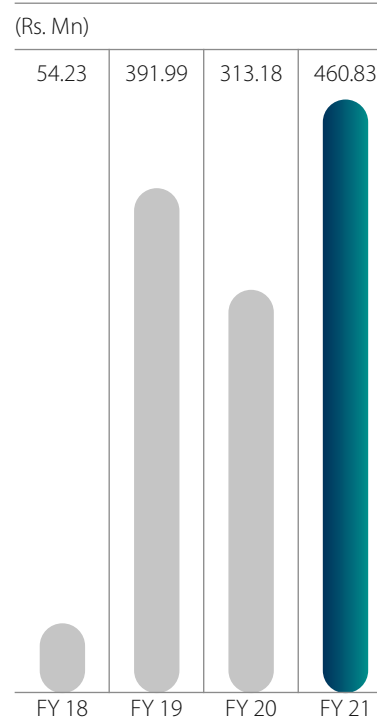
What does it mean?

It helps create a robust growth engine, a large part of which could be available for reinvestment

Value impact

The Company generated an attractive 43% growth in EBITDA despite COVID-19 pandemic challenges.

Net profit



Definition

Profit earned during the year after deducting all expenses and provisions

Why is this measured?

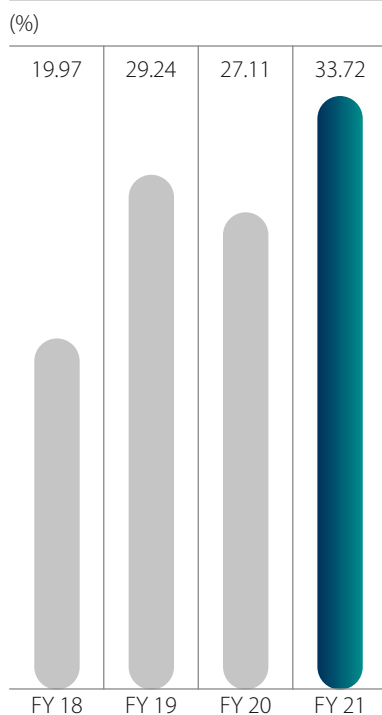
This measure highlights the strength of the business model in enhancing shareholder value

What does it mean?

It ensures that adequate surplus is available for reinvestment in the company's operations.

Value impact

The Company reported a 47% increase in net profit in FY 2020-21, indicating profitable growth, following increased revenues that facilitated superior margins.

EBITDA margin**Definition**

EBITDA margin is a profitability measure used to assess a company's ability to generate a surplus (pre-interest, depreciation and tax) on a rupee of sales, expressed as a percentage

Why is this measured?

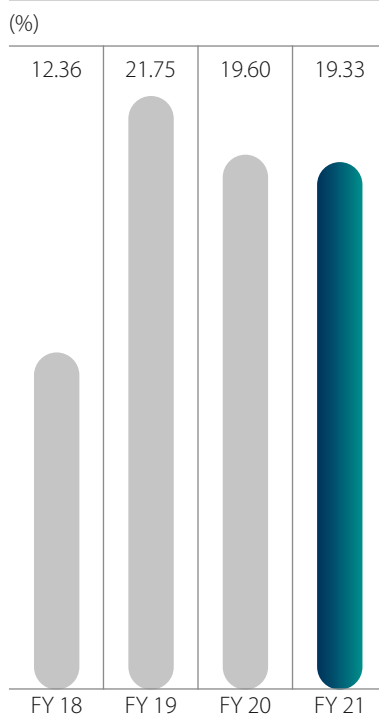
The EBITDA margin provides an insight into the company's earning capacity, which can be compared across companies within the same sector

What does it mean?

This demonstrates the buffer available within the company to absorb interest and tax outflow after making a provision for depreciation

Value impact

The Company reported a 660 bps increase in EBITDA margin during FY 2020-21 due to the effect of operating leverage following a growth in revenues.

ROCE**Definition**

It is a financial ratio that measures a company's profitability and the efficiency with which its capital is employed in the business

Why is this measured?

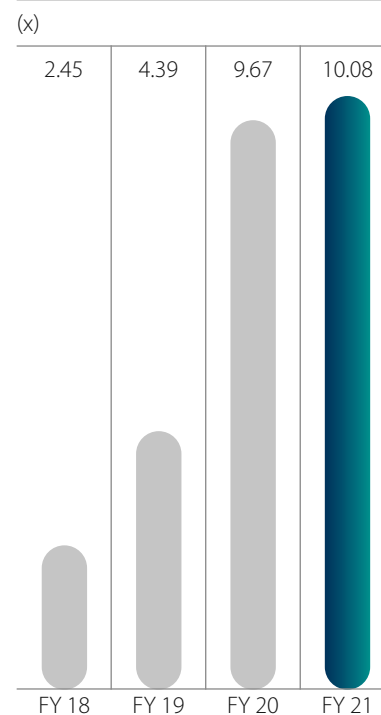
RoCE is a useful metric for comparing profitability across companies based on the amount of capital they use – especially in capital-intensive sectors.

What does it mean?

Enhanced RoCE can influence valuation and perception.

Value impact

The Company reported a 27 bps decrease in ROCE during FY 2020-21, partly the result of the IPO inflow in the later part of the financial year that could not be immediately deployed.

Interest cover**Definition**

This is derived through the division of EBIT by interest outflow

Why is this measured?

Interest cover indicates the Company's comfort in servicing interest – the higher the better.

What does it mean?

A company's ability to meet its interest obligations, an aspect of its solvency, is arguably one of the most important factors in assuring sizeable returns to shareholders.

Value impact

The Company's interest cover strengthened by 41 bps during the year under review.

How our various verticals performed

Details of significant changes (change of 25% or more compared to the previous financial year) in key financial ratios, along with detailed explanations therefore		Civil Nuclear Power Sector	Clean Energy Sector	Space & Defence Sectors
Fiscal 2018	Revenue generated (in Rs. Mn)	461.10	784.27	261.58
	Revenue as a percentage of revenue from operations (in %)	28.89	49.14	20.06
Fiscal 2019	Revenue generated (in Rs. Mn)	239.61	1,128.20	368.37
	Revenue as a percentage of revenue from operations (in %)	13.05	61.42	16.39
Fiscal 2020	Revenue generated (in Rs. Mn)	305.10	1,375.39	393.39
	Revenue as a percentage of revenue from operations (in %)	14.27	64.34	18.40
Fiscal 2021	Revenue generated (in Rs. Mn)	623.92	1,229.42	533.94
	Revenue as a percentage of revenue from operations (in %)	25.32	49.89	21.67

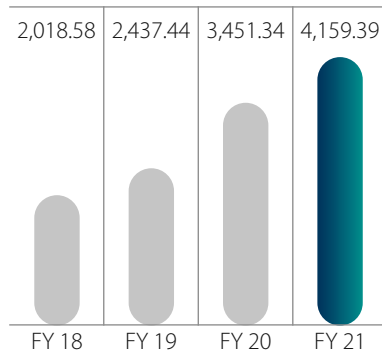
At MTAR, we are engaged in enhancing value for all our stakeholders, underlining our holistic responsibility

Order book

Our order book has posted a CAGR of 27.2 % over FY 2018-21 and is expected to grow substantially going forward.

Order book value

(Rs. Mn)



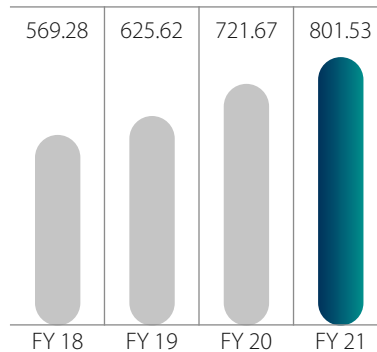
Our robust order book (1.7x revenue) provides ample visibility of continuous revenue growth as well as sustainable profitability

Manufactured capital

Our assets, manufacturing equipment and technologies constitute our manufactured capital.

Cost of goods sold

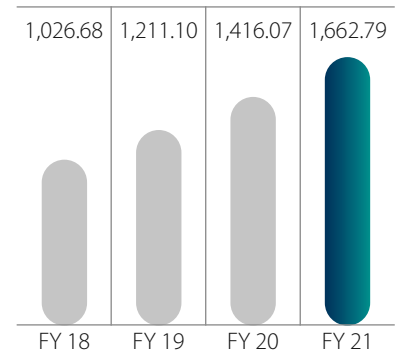
(Rs. Mn)



The company increased the manufactured value of products year on year

Value-addition

Revenues less cost of goods sold (Rs. Mn)



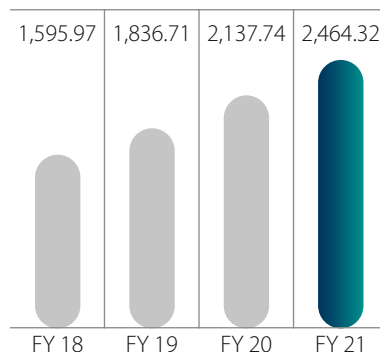
The company increased the extent of value added to materials

Social and relationship capital

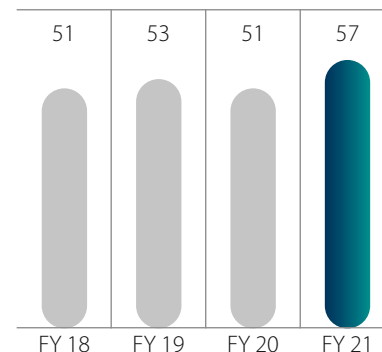
Our relationships with communities and partners (vendors, suppliers and customers) influence our role as a responsible corporate citizen.

Social and relationship capital

Revenues (Rs. Mn)



Unique customers



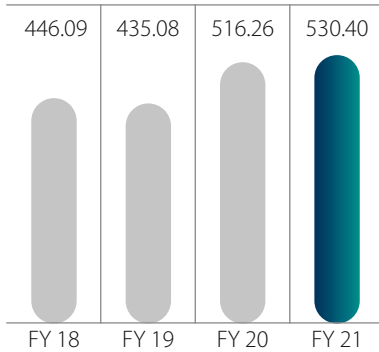
The company increased revenues, an index of the value created for customers

Human capital

Our management, employees form a part of our workforce, the experience and competence enhancing value.

Salaries and wages

(Rs. Mn)



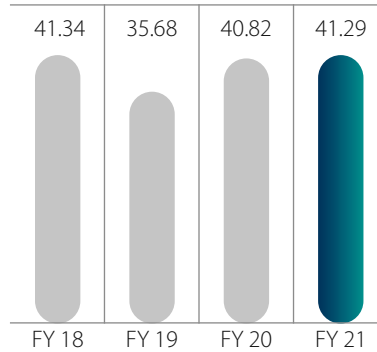
The company has invested a progressively larger amount in employee remuneration, underlining its role as a responsible employer

Intellectual capital

Our focus on cost optimisation and operational excellence, as well as our repository of proprietary knowledge account for our intellectual resources.

Cost of goods sold

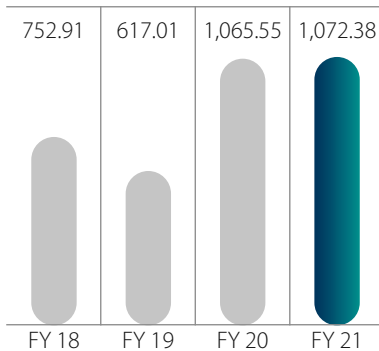
Raw material costs as % of revenues



The company moderated the cost of materials in its revenue mix

Vendor value

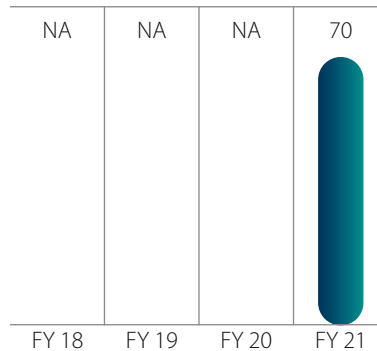
Procurement (Rs. Mn)



The company procured a larger quantum of resources through the years, strengthening procurement economies

Community

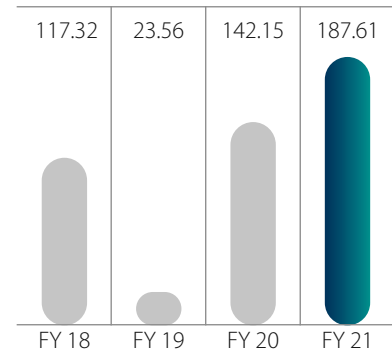
CSR investment (Rs. Mn)



The company enriched communities in the geographies of its presence

Government

Taxes paid (Rs. Mn)



The company addressed the timely payments of taxes and other statutory dues

Operational review

“The company outperformed across virtually all parameters in only ten months of working in FY 2020-21”

The MTAR management explains its record performance in a truncated year’s operations



Was the management pleased with the operations of the company during the last financial year?

The management was pleased with the performance for an important reason. The company exceeded or matched the targets it had set for itself despite working for only ten months of the financial year (two initial months lost on account of the lockdown). We anticipate a continuous growth rate in

revenues with sustainable margins over the coming years.



What was the principal highlight of the company’s performance during the year under review?

The company outperformed across virtually all parameters. The company grew revenues 15.3% in effectively ten months of working. The company strengthened EBITDA margin by 660 bps. The Return on Capital employed was maintained around 19.3% despite the sizable funds inflow during the latter part

of the year. The company delivered this improvement at a capacity utilisation of only 50% (approximately), which indicates the intrinsic profitability of the business.



What were the reasons for the improvement in performance?

The company performed better on account of a stronger leverage of its knowledge capital. The company is engaged in complex process engineering; its products are custom-made. The proactive production and material planning helped address supply chain bottlenecks arising out of the COVID-19 pandemic. During the year under review, the company addressed more orders

from within India (Civil Nuclear Power, Space & Defence) compared to the previous year; the value addition from sectors (Space) enhanced the bottomline. The company strengthened its export defence vertical and addressed attractive volumes from the clean energy space. The complement of these realities translated into attractive growth in revenues and profitability.



What initiatives strengthened the company’s business in FY 2020-21?

The factors that catalysed improvement comprised the following: robust production and material planning and continuous innovation strengthened our business. We strategise 4-5 years in advance to add capabilities and products to our portfolio. We completed the development of electro-pneumatic modules for the space sector; we developed prototypes for hydrogen boxes and electrolyzers for the clean energy sector in FY 2020-21; we commenced work on dedicated sheet metal and specialised fabrication capabilities at Adibatla. We expect to commission these facilities in place by FY 2021-22.

We strengthened our Board of Directors during the year under review; we restructured the Board around ten Directors; six Directors were Independent, which is unusual and provides a flavour of the seriousness that the company accords to a fusion of informed perspectives. The Board also comprised Technical Committee, which is critical to the nature of the business the company is in, comprising three prominent scientists. We believe that a restructured Board represents a robust governance foundation in line with the desired direction of the company.



What was the other business-strengthening initiative by the company?

The decision of the company to go public during the last financial year represented a watershed in its existence. The company engaged the country's leading institutional bankers JM Financial and IIFL as Book Running Lead Managers; it completed the IPO lifecycle – kick-off to listing – in the space of just five months, one of the shortest by an Indian company in recent times. Besides, the

IPO proved to be one of the most successful, was subscribed more than 200 times and the company attracted some of the most respected domestic and foreign institutional investors. We believe that the successful IPO has not only enhanced visibility for the company across prospective talent and customers, but also enhanced visibility for the sector.



How else did the company strengthen business scalability?

The company took up the upgradation of its ERP to a new version of Microsoft Navision. Currently, we are working on enhancing certain features to facilitate a greater integration with operations, planning, design and supply chain to accommodate growing requirements. Following the upgradation, we not only expect a superior integration between our organisational arms, but also a seamless control and more informed decision-making. We believe that

our new upgraded ERP, once implemented, will generate several upsides: optimise production planning and forecasting, decline in divergence between budgets and outcomes, quicker correction of divergences, greater predictability in corporate outcomes, lower costs and the ability of the company to scale faster without a corresponding increase in costs. We believe that the new ERP will serve our growing business needs and drive our profitability.



What provides optimism with regard to the company's prospects?

The company is catering to attractive sectors like Clean Energy, Space & Defence and Civil Nuclear Power that are growing rapidly on account of global developments, Indian government priority and the company's competitiveness.

The company's prospects are reflected in a growing order book; by the close of FY 2020-21, the company's order book was 1.7x of its turnover for the year ended, which indicates that the company possesses room to scale its business in 2021-22. Besides, the company possessed a relatively broad-based and de-risked business model: exports and

domestic revenues were fairly matched in 2021-22; revenues were spread across revenues verticals; the company had no net debt on its books and margins were trending upwards. This indicates that the company was opportunity-responsive in gravitating towards businesses that provided a superior leverage on its precision engineering capabilities. Besides, the company ended the year with a gross margin (revenues less materials) of 67.5%, which indicates a comfortable spread. Expenses as a proportion of revenues declined by 500 bps following quantum cost reduction coupled with amortisation benefits.



How will these realities translate into sustainable revenue growth?

The company reported a CAGR of 15.3% in the three years ending FY 2020-21. A ground shift in the industry realities and the company's responsiveness should make it possible to increase CAGR over the coming years. Besides, by the virtue of reinvesting all accruals into the business, we expect to grow faster than the sectorial average, strengthening margins in line with that of revenue growth (assuming revenues mix

similar to what we have today) and creating a virtuous profitable cycle that enhances value for our stakeholders. We expect to grow faster than the sectorial average, strengthening margins in line with that revenue growth (assuming revenues mix similar to what we have today) and creating a virtuous profitable cycle that enhances value for our stakeholders.

Environment-social-governance (ESG)

At MTAR, we have made ESG central to our existence

The company is focused on responsibility and sustainability in its operations



Overview

There is a priority the world over for companies to conduct themselves like responsible members of society. There is a conviction that a strong governance culture enhances corporate stability, increases counter-cyclicality and lays the foundation for the creation of long-term stakeholder value.

MTAR and ESG

At MTAR, a culture of environment-social-governance (ESG) resides at the centre of our business. This commitment is critical considering that we manufacture a product that is critical to national security (Defence) and well-being on the one

hand and essential to the progress of humankind on the other (nuclear & clean energy and space exploration). At MTAR, our ESG commitment has been centred round the 5 P's of People, Product, Process, Profit and Planet. Their interplay represents our commitment to reconcile production growth with a moderated carbon footprint.

Our environment component ensures that we consume environmentally responsible resources and moderate our carbon footprint in the conduct of our operations.

Our social component addresses a proactive investment in talent,

relationships (customer and vendors) and social responsibility, strengthening the stability of our eco-system.

Our governance component indicates our strategic clarity, following conduct codes, highlighting Board composition, indicating an alignment with UNGC principles and engaging in extensive de-risking.

This comprehensive ESG platform – environment, social and governance – makes it possible to generate long-term growth across market cycles, enhancing value for all stakeholders.

Our environment commitment

A growing number of global manufacturers are recognizing moral, financial and environmental upsides from sustainable business practices. Besides, stringent environmental norms regulating agencies are helping reduce resource depletion, water scarcity, pollution and harmful impacts. A growing emphasis on sustainable manufacture has translated into fabricating more from less, the basis of environmental

responsibility at our company. There is a growing commitment to reduce energy intensity, moderate greenhouse gas emission intensity and graduate to cleaner processes and fuels.

We are committed to the reduction of global carbon footprint through our products; more than 50% of our revenue are generated from the Clean Energy sector. Our facilities

at Unit 2 and EOU are certified for ISO 14001:2015, Environmental Management System.

Through these initiatives, the company emphasises business alignment with United Nations' 10 principles for manufacturing responsibility and environmental sustainability, covering Human Rights, Labour interests, Environment responsibility and Anti-Corruption initiatives.

Our social commitment

At MTAR, business growth and competitiveness are derived from stakeholder stability.

Employees: At MTAR, we have been recognised for a culture of excellence, marked by high people retention, knowledge-enhancing workplace, extension of one's workplace to the large exercise of nation-building, and talent investments including recruitment, retention and training)

Our policy on Environment, Health and Safety emphasises a safe and healthy

work environment for employees. Our facilities at Unit 2 and EOU have been certified for ISO 45001:2018 Occupational Health and Safety. The result of our best-in-class talent management practices have been high people retention and protected knowledge pool.

Customers and vendors: The company grew its stable eco-system

of vendors (who provided capital equipment and spares) as well as primary customers (trade partners). The company derived a large proportion of revenues from primary customers of ten years or more.

Community: The company engaged with the community near its manufacturing locations, widening its circle of prosperity.

Our governance commitment

At MTAR, our governance platform comprises a clarity on how we intend to grow our business, enhancing predictability and stability. Our governance architecture has been influenced by the following priorities (given below).



Board of Directors

At MTAR, our strategic direction is influenced by our Board of Directors, who comprise professionals and technologists of standing. Of our ten Directors, six are independent; our Technical Committee comprises three technologists. This composition has sustained the pedigree of the company, which was conceived by technocrat founders five decades ago.

Integrity

At MTAR, we profess the highest standards of ethical commitment, whether it is through the way we engage with stakeholders, the conservatism with which we interpret accounting treatments, the transparency with which we communicate our story to stakeholders and the empathy with which we engage with the marginalised

Positioning

At MTAR, we believe in manufacturing world-class products to cater to domestic and global engineering needs. We focus on complex mission-critical projects that are difficult for most service providers, especially precision components with close tolerances (5-10 microns) and critical assemblies that serve projects of national importance.

Solutions

At MTAR, we provide one-stop solutions through the integration of our value-chain comprising design, precision machining, assembly, testing, quality control, specialised fabrication, brazing, heat treatment and other specialised processes (some indigenously developed). This positioning serves as our moat, placing us in a relatively under-crowded not marked by price-cutting. Besides, this positioning has helped strengthen our brand among customers and knowledge professionals.

Custom-made

At MTAR, we provide custom-made solutions, remaining responsive to the evolving needs of customers and deepening our relevance to their business plans. By the virtue of being a specialist in the customer's domain, we retain the relationship across several years.

Long-term

At MTAR, we have invested in our business a long-term commitment cascading to allocations in the highest standards of assets, technologies, brands, people, locations, products and trade partners. Besides, in a business where investment outcomes begin to get evident only in a few years from the time of investment, there is a premium on the ability to invest in the future.

Talent

At MTAR, we took a decisive step towards stronger governance following the recruitment of professionals to strengthen our managerial capability. By the close of the year under review, MTAR was more rounded as an organisation with most senior positions having been plugged with competent professionals.

Partnerships

At MTAR, we believe that our customers are our strategic partners; we developed many technologies in collaboration with them since our inception, thereby building immense trust. Our business comprises facets that warrant specialisation, drawn from our alliances with customers who are among the best in their fields. Our competitiveness is therefore derived from a complement of deep home-grown capabilities and the value that customers bring to our table.

Digitalisation

At MTAR, we invested in the upgradation of ERP to strengthen our business processes and systems. We adopted automated shop floor management solutions to reduce the cycle time and optimise productivity by addressing product life cycle bottlenecks.

Value-addition

At MTAR, we are engaged in addressing the value-added solutions segment of the business spectrum.

This positioning is critical to our sustainability, strengthening our capacity to reinvest and create a stronger virtuous cycle.

Verticals

At MTAR, we cater to strategic sectors such as Civil Nuclear Power, Space & Defence and Clean Energy. We are engaged in contributing to the Indian Civilian Nuclear Power programme, Indian Space Programme, Indian Defence sector and the global Clean Energy and Defence sectors.

Import substitution

At MTAR, we focus on import substitution of products like ball screws and water lubricated bearings that are specialised. Our engineering capability empowers us to offer complex precision manufactured components and assemblies within stipulated timelines and at reasonable costs, transforming transactions into ensuring relationships.

Relationships

At MTAR, we believe that business sustainability is best derived from working with a growing number of customers on the one hand and a large customer wallet share on the other. The company has been engaged in the Civil Nuclear Power sector for over 35 years, leveraging the power of its existing relationship with Nuclear Power Corporation of India Limited for more than a decade and a half, Indian Space Research Organisation and Defence Research and Development Organisation for more than three decades, and Bloom Energy Inc.

Research-driven

At MTAR, we invest extensively in the research and development of manufacturing processes, which empowers us to evolve our proprietary process technologies leading to the achievement of design specifications with accuracy, irrespective of products

size. Throughout our journey, our intense R&D practices have enabled us to develop many technologies including Cryogenic Engine technology and import substitutes such as Ball Screws and Water Lubricated Bearings.

We are currently working on the development of Roller Screws that shall be an import substitute, Electro-mechanical actuators and Semi Cryo Engine (next generation liquid propulsion engine). Our R&D initiatives comprise technologies and solutions for the development of required manufacturing processes. We also focus on cycle time reduction to optimise our capacity utilisation.

Portfolio

Our major product portfolio comprised 14 product kinds in the Civil Nuclear Power sector, six product kinds in the Space & Defence sectors and three product kinds in the Clean Energy sector. The portfolio addresses one-stop customer needs, creating entry barriers for others.

Health, safety and environment

At MTAR, we comply with applicable health and safety regulations. Most of our manufacturing facilities, including our export-oriented unit, have been accredited with demanding certifications; we provide a safe working environment including general guidelines for health and safety compliances at our offices and manufacturing facilities, accident reporting, safety equipment and workplace hygiene.

At MTAR, innovation is the only constant

The company has embraced continuous innovation to to indigenise the technologies in Nuclear, Space & Defence, Clean Energy sectors over the past five decades and intends to carry the legacy going forward



Overview

At MTAR, we have fostered a culture of innovation, developing new products in collaboration with NPCIL, ISRO and DRDO across five decades.

At MTAR, we recognise that Nuclear, Space & Defence and Clean Energy sectors are transforming at a rapid speed marked by unprecedented opportunities and the company is well-prepared to capture these opportunities

We are currently working on the development of associated technology

for roller screws (import substitute) and electro-mechanical actuators. The company is also in the process of establishing a dedicated facility for specialised the fabrication and sheet metal at Adibatla.

The company intends to graduate from the manufacture of assemblies to

complete integrated solutions enhancing respect and profitability. We are looking forward to add the required capabilities through organic and inorganic routes over the coming years.

The company will deepen its ESG commitment, strengthening outcome predictability. The company is incorporating stringent practices related to capex approval and capital allocation coupled with checks and balances

across various levels, strengthening its governance structure.

The company is strengthening its technology-driven sales process to track prospective growth plans by customers and order book origins, bid competitively and translate enquiries into decisive project wins.

The company has strengthened its investment in an information

technology backbone that generates relevant financial and operational data, strengthening bidding discipline on the one hand and enhancing real-time understanding of business health on the other.

We believe that the interplay of these initiatives should strengthen our preparedness and empower MTAR to grow faster than its retrospective average across the years.

MTAR has indigenised the several technologies in the Civil Nuclear Power, Space & Defence sectors

<p>1970s We delivered coolant channel assemblies to nuclear islands in the 1970s</p>	<p>1980s We rolled out our first liquid propulsion in the 1980s</p>	<p>1990s We contributed through our base shroud assembly to the prestigious Agni programme in the 1990s</p>	<p>2000s We indigenised the Cryogenic Engine technology in the 2000s</p>
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MTAR has forayed into exports

<p>The Company entered exports from 2011 onwards.</p>	<p>The company started exporting SOFC units to Bloom Energy.</p>	<p>The Company showcased capabilities for Israeli customers.</p>
<p>The Company created a dedicated product portfolio for exports.</p>	<p>The company has graduated to manufacturing 173 SOFC units in a month based on demand in FY 2020-21 from 18 SOFC units per annum in the past.</p>	<p>The Company generated 53.33% revenues from exports (FY 2020-21).</p>

MTAR is focusing on the development of next generation manufacturing technologies

<p>Developed prototypes for hydrogen box and electrolyzers, which are expected to enter into batch production in FY 2021-22</p>	<p>Involved in the development of Semi Cryo Engine, the next generation liquid propulsion Engine that uses kerosene and Liquid Oxygen and enhances the payload carrying capacity of GSLV Mark III to 6 Tons</p>	<p>Commenced the development of associated technology for roller screws that are import substitutes</p>	<p>Initiated the development of Electro-Mechanical actuators</p>	<p>Engaged in the establishment of the sheet metal vertical to increase wallet share with existing clients as well as cater to new clients</p>
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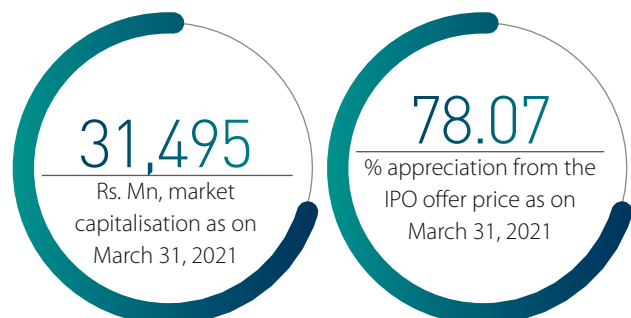
<p>Strategic direction</p>	<p>Deeper ESG commitment</p>	<p>Development of next generation manufacturing technologies</p>	<p>Technology-driven sales</p>	<p>Integrated solutions provider</p>	<p>Consistent growth with sustainable margins</p>
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How MTAR intends to enhance shareholder value

The company has aggregated patient competencies and strategy into a concerted value-accretive approach



MTAR and shareholder value



Our multi-pronged approach to enhance long-term shareholder value

Deepen and widen our product portfolio

Seed the business periodically with new products that are critical and differentiated

Increase revenue generation by addressing more orders of existing products

Enter into batch production of electro-pneumatic modules in the Space sector and electrolyzers & hydrogen boxes in the Clean Energy sector

Develop roller screws for the first time in India

Develop electro-mechanical actuators that find applications in the Space & Defence sectors

Complete the development of the semi-cryo engine to be graduated into batch production

Widen existing competencies

Provide specialised fabrication services to customers (operational in FY 2021-22)

Establish a sheet metal manufacturing facility in FY 2021-22 to undertake sheet metal jobs for ISRO, Bloom Energy and other customers

Upgrade facilities with new technologies and debottlenecking

Selectively appraise inorganic opportunities to enhance engineering competence, increase market share, achieve operating leverage and strengthen competitiveness

Enhance operational efficiencies

Strengthen economies of scale, learning and supply chain

Employ lean manufacturing practices

Focus on technology-driven cycle time reduction and process optimisation

Achieve a mix of development and volume-based production

Enhance flexibility in manufacturing lines, utilisation and cost advantage

Increase digital investments in automated shop floor management solutions to reduce the cycle time and enhance productivity

Capitalise on Nuclear, Space & Defence opportunities

Nuclear: Capitalise on the large opportunity in upcoming nuclear reactors; MTAR is one of few companies capable of handling complex manufacture of nuclear island assemblies

Space: Focus on increasing wallet share at ISRO; capitalise on the commercialisation opportunity in India's Space sector

Defence: Work on import substitution and contribute to the 'Atmanirbhar Bharat' initiative

Expand international presence

Continue to expand the company's international presence in existing sectors

Growth in hydrogen-based clean energy solutions (coupled with expansion plans of Bloom Energy outside US in South Korea)

Enter defence offset partnerships with global OEMs (incorporated a subsidiary)

Acquire more international Clean Energy segment customers

Widening our customer base

Strengthen relationships with existing customers to increase wallet share

Emerge as an offset partner for a potential defence offset transaction that any of our current international customers may be a part of

Develop new relationships with customers to address lucrative opportunities in the Civil Nuclear Power, Space & Defence, and Clean Energy sectors

Participate in seminars and international expos to network with leading multi-national companies

Our growing order book

As on March 31,	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21
Order book by size (Rs. Mn)	2,018.58	2,437.44	3,451.34	4,159.39
Opening order book FY 2020-21	New orders in FY 2020-21	Orders executed in FY 2020-21	Closing order book, FY 2020-21	
3,451.34	3,151.95	2,443.90	4,159.39	

All figures are in Rs. Mn

Management discussion & analysis



Global economic overview

The global economy reported a de-growth of 3.5% in 2020 compared to a growth of 2.9% in 2019, the sharpest contraction since World War II on account of the outbreak of the novel coronavirus

and the consequent suspension of economic activities across the world. G20 countries experienced an aggregate slowdown of (-) 3.2%, with the Euro area contracting by (-) 6.8%, UK by (-)

9.9%, Japan by (-) 4.8% and the US by (-) 3.5%. Among major economies, India contracted by (-) 8% while China was the only major economy to record a growth of 2.3% in 2020.

Regional growth %	2020	2019
World output	(3.5)	2.9
Advanced economies	(4.9)	1.7
Emerging and developing economies	(2.4)	3.7

(Source: IMF)

The global economy is projected to grow by 5.5% in 2021 largely due to the successful roll-out of vaccines across the globe, coupled with policy support in large economies. (Source: IMF).

Indian economic review

At the start of 2020, India was among five largest global economies; its economic growth rate was the fastest among major economies (save China); its market size at 1.38 Bn was the second largest in the world; its rural population of the under-consumed was the largest in the world.

The Indian government announced a complete lockdown in public movement and economic activity from the fourth week of March 2020. As economic activity came to a grinding halt, the lockdown had a devastating impact on an already-slipping economy as 1.38 Bn Indians were required to stay indoors - one of the most stringent lockdowns enforced in the world.

The outbreak of the novel coronavirus and the consequent suspension of economic activities due to the pandemic-induced lockdown, coupled with muted consumer sentiment and investments, had a severe impact on the Indian economy during the first quarter of the

year under review. The Indian economy de-grew 23.9% in the first quarter of FY 2020-21, the sharpest de-growth experienced by the country since the index was prepared.

The Indian Government announced a bold economic stimulus to combat the sharp slowdown caused by the lockdown, its various measures aimed at easing liquidity and credit unavailability faced by the MSME sector to reinvigorate economic activity. Similarly, various measures targeted at incentivising investments in economic segments and labour reforms, helped improve sentiment and attract global investments, strengthening India's self-reliance for critical needs.

The Indian and state governments selectively lifted controls on movement, public gatherings and events from June 2020 onwards, each stage of lockdown relaxation linked to corresponding economic recovery. The result is that

India's relief consumption, following the lifting of social distancing controls, translated into a full-blown economic recovery. A number of sectors in India – real estate, steel, cement, home building products and consumer durables, among others - reported unprecedented growth. India de-grew at a relatively improved 7.5% in the July-September quarter and reported 0.4% growth in the October-December quarter and a 1.6% growth in the last quarter of the year under review.

The result is that India's GDP contracted around 7.3% during FY 2020-21, largely on account of the sharp depreciation of the first two quarters. While the Agricultural sector posted a growth of 3%, the Industrial sector contracted by (-) 7.4% and the Services sector reported a decline of (-) 8.4%. As a result, consumption expenditure declined (-) 7.1% while Gross Fixed Capital Formation contracted (-) 12.4%.

Y-o-Y growth of the Indian economy

	FY18	FY19	FY20	FY21
Real GDP growth (%)	7	6.1	4.2	-7.3

Growth of the Indian economy, FY 2020-21

	Q1, FY21	Q2, FY21	Q3, FY21	Q4, FY21
Real GDP growth (%)	(23.9)	(7.5)	0.4	1.6

(Source: Economic Times, IMF, EIU, Business Standard, McKinsey)

Indian economic reforms and recovery

India reported improving Goods and Services Tax (GST) collections month-on-month in the second half of FY 2020-21 following the relaxation of the lockdown, validating the consumption-driven improvement in the economy.

The per capita income was estimated to have declined by 5% from Rs. 1.35 Lac in 2019-20 to Rs. 1.27 Lac in FY 2020-21, which was considered moderate in view of the extensive demand destruction in the first two quarters of FY 2020-21.

The Indian currency strengthened from a level of Rs. 76.11 on April 1, 2020 to a USD to Rs. 73.20 as on March 31, 2021 after peaking at Rs. 76.97/ USD on April 21, 2020 (Source: Poundsterlinglive, exchangerates.org.uk)

India's foreign exchange reserves continue to be in record setting mode – FY 2020-21 saw USD101.5 Bn dollars accretion in reserves, the steepest rise in foreign exchange reserves in any financial year; India's forex reserves are ranked third

after Japan and China and can cover more than a year's import payments.

India jumped 14 places to 63 in the 2020 World Bank's Ease of Doing Business ranking and was the only country in the emerging market basket that received positive FPIs of USD 23.6 Bn in 2020; the country ranked eighth among the world's top stock markets with a market capitalisation of USD 2.5 Trn in 2020.

The Government relaxed foreign direct investment (FDI) norms for sectors like defence, coal mining, contract manufacturing and single-brand retail trading.

The Union Cabinet approved the production-linked incentive (PLI) scheme for 10 sectors: pharmaceuticals, automobiles and auto components, telecom and networking products, advanced chemistry cell batteries,

textile, food products, solar modules, white goods and specialty steel. These incentives could attract outsized investments, catalysing India's growth journey.

Outlook

As a result of the setback caused by the second wave, real GDP growth for FY

2021-22 may finish lower than the 10.5% projected before India returns to robust

growth in FY 2022-23 with a projected 6.8% growth over FY 2021-22.

Divisional review

Civil Nuclear Power segment overview



Overview

India's operational nuclear power capacity was 6.7GW, which contributed 1.8% to its total energy mix in 2020. The country has 22 nuclear power plants with seven under construction. India's nuclear power capacity is lower than the targets set by Department of Atomic Energy to produce 20GW of nuclear power by 2020 and at least 48GW by 2030 but is expected to grow substantially due to rising carbon neutrality targets. The government has proposed a capacity addition of 15.7GW that entails 12% CAGR over the next decade versus 4% CAGR in the past. The Government in the last four years approved and sanctioned 12 nuclear power reactors with 12GW capacity, which includes ten fleet reactors of 0.7GW generation capacity each. The Government's initiatives towards attracting investments to achieve its nuclear power generation target, along with international co-operation, has strengthened India's nuclear energy

outlook. MTAR, being one of the few companies to have secured orders from the NPCIL in the past and has been able to deliver these successfully, is best placed to capitalise on this opportunity

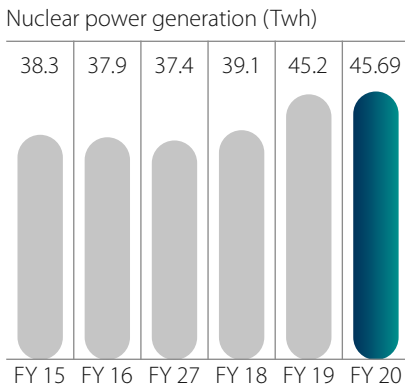
Currently, PHWR reactors constitute 65% of the total installed base and are likely to remain the dominant majority in planned installations. We cater to 20-25% equipment portion of the overall order for a 700 MWe PHWR nuclear plant. We supply 14 different equipment to the nuclear island, which translates into an addressable market opportunity size of Rs. 7-8 Bn per reactor. The overall equipment addressable opportunity for MTAR stands at Rs. 70-80 Bn over the next decade from fleet reactor orders. We believe that our ability to develop manufacturing technologies using end-to-end engineering capabilities under one roof, stringent qualification criteria and successful past track record give us an edge in addressing this opportunity of fleet reactors.

The combined after-market revenue, including maintenance and refurbishment during FY 2015-19, was valued at Rs. 5.5 Bn-6 Bn and is estimated to reach Rs. 9 Bn-10 Bn from FY 2020-25. Over the next five years, the maintenance and refurbishment market is anticipated to expand around 1.7x on account of more reactors completing 18-year life spans. As of 2019, nuclear power plants with 2.6 GWe capacity were in the refurbishment stage, which is expected to rise to 3.5-4.0 GWe by 2025.

Strong entry barriers and limited competition translate into a high order win ratio. For most tenders related to the equipment of nuclear island, competition is limited to 2-3 bidders and the qualification criteria is stringent. Besides, most NPCIL tenders prefer to split high value orders to diversify the risk profile, which ensures a high order win ratio for MTAR.

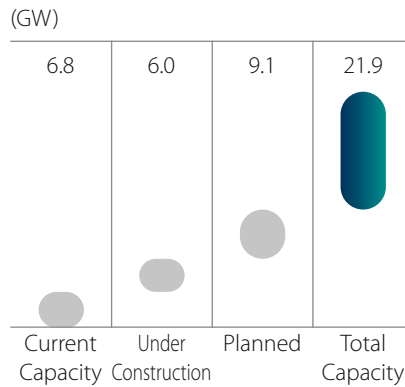
(Source: Wicz.com, power technology.com, the diplomat.com, CRISIL Research)

India's nuclear energy generation over 2010-2020



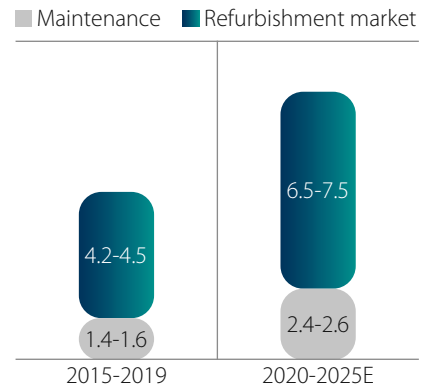
(Source: BP Statistical Review, CRISIL Research)

Increase in nuclear capacity in India



(Source: NPCIL, World Nuclear Association, CRISIL Research)

Nuclear power maintenance and refurbishment market



(Source: NPCIL, World Nuclear Association, CRISIL Research)

Planned and under construction reactors

Under construction

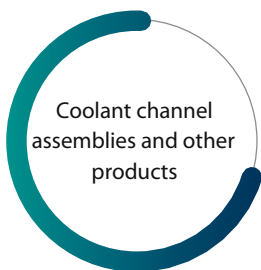
Under-construction reactors	Construction start	State	Type	Gross capacity (Gwe)
PFBR	2004	Tamil Nadu	FBR	0.5
Kakrapar 4	2010	Gujarat	PHWR	0.7
Rajasthan 7 & 8	2011	Rajasthan	PHWR	0.7x2
Kudankulam 3 & 4	2017	Tamil Nadu	PHWR	1x2
Gorakhpur 1, & 2	2018	Haryana	PHWR	0.7x2
Total				6.0

(Source: NPCIL, World Nuclear Association, CRISIL Research)

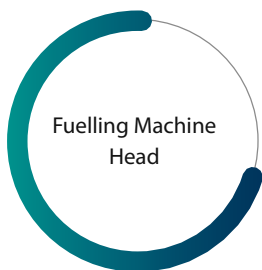
New planned reactors

New reactors planned	State	Type	Gross capacity (Gwe)
Gorakhpur 3 & 4	Haryana	PHWR	0.7x2
Chutka 1 & 2	MP	PHWR	0.7x2
Mahi Banswana - 1, 2, 3 & 4	Rajasthan	PHWR	0.7x4
Kaiga 5&6	Karnataka	PHWR	0.7x2
Kudankulam - 5 & 6	Tamil Nadu	PWR	1.0x2
Total			9.1

Key MTAR projects delivered in FY 2020-21



Key MTAR projects in progress



Divisional review

Space segment overview



Overview

ISRO completed 14 launch missions in FY 2018-19 and planned 17 missions in FY 2019-20, of which six could not be completed due to the Covid-19 pandemic. The number of launches in FY 2020-21 was expected to ramp significantly to 36, but a continued disruption due to Covid-19 led to the launch of only five missions.

The spill-over of missions from the past two years is likely to spread over FY 2022-23, which could lead to accelerated ordering. As per ISRO, 31 launch missions have been planned for FY 2021-22 and a spill-over from FY 2020-21 is likely to increase substantially, which could accelerate order inflows.

New Space India Limited (NSIL), Space Policy 2020 and Indian National Space Promotion and Authorization (IN-SPACE) Center can boost private sector growth and commercialise the Indian space sector. India's space budget is anticipated to post an 8-9% CAGR over FY 2021-25; of this, the space equipment market is likely to post a 7-8% CAGR over the same period. ISRO announced that over five years, the private sector could receive orders for ~70% of all upcoming space missions, estimated to be worth Rs. 111-119 Bn. In the 2021 Union Budget, the allocation to the Department of Space was increased from Rs. 95 Bn (FY 2020-21RE) to Rs. 139.5 Bn (increase of 50%).

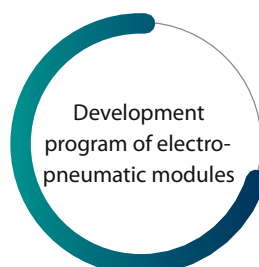
The measures to improve private sector participation comprised the following:

- A separate entity named New Space India Limited (NSIL) was incorporated in March 2019. NSIL's responsibility is enabling the Indian industry to engage in high-technology space-related activities. In the 2021 Budget, the company was allocated Rs. 7 Bn; it plans to recruit 300 people.
- The recently-revealed draft Spacecom Policy 2020 toned down stringent rules and regulations previously required for private sector participation.
- The government created a national autonomous nodal agency named the Indian National Space Promotion and Authorization Centre (IN-SPACE) for private players to carry out space activities. ISRO intends to commercialise the Indian space sector and offer products and services to other countries. ISRO is working on a small satellite launch vehicle (SSLV) that would be able to lift satellites up to 500 kgs in the lower earth orbit, making ISRO's space launches more competitive for lower payloads. ISRO is also working on major missions like

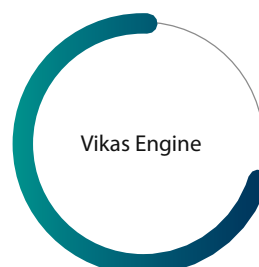
Gaganyaan, Aditya-1 and Shukrayaan-1, among others.

MTAR is well-positioned to addressing the growing opportunity. While the sectoral trend is anticipated to increase revenues from existing products (liquid propulsion engines including Vikas Engine, Cryogenic Upper Stage Engine - Turbo pump, Booster Pump, Injector Head and Gas generator, Satellite Valves etc., the company intends to increase its wallet share from the space vertical. The company completed the development of electro-pneumatic modules in FY 2020-21 and is involved in the establishment of a facility at Adibatla to address sheet metal orders including thrust chambers, motor casings and light alloy structures from ISRO. The company is expecting a new order for electro-pneumatic modules in FY 2021-22. MTAR is developing an associated technology for a semi-cryo engine, a new generation liquid propulsion engine that enhances payload capacity of GSLV Mark III from 4 tons to 6 tons.

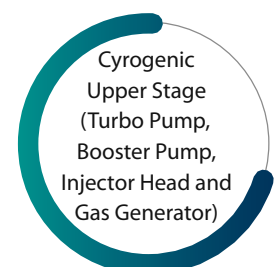
MTAR's key projects closed in FY 2020-21



Development program of electro-pneumatic modules

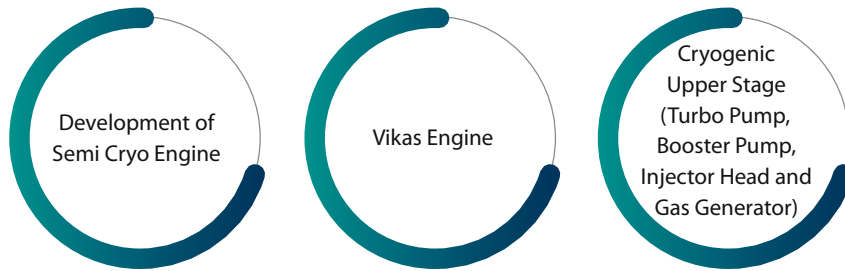


Vikas Engine



Cryogenic Upper Stage (Turbo Pump, Booster Pump, Injector Head and Gas Generator)

MTAR's key projects under progress



(Sources: Economic Times, Business Standard, Morgan Stanley, geospatial world.net, CRISIL Research)

Divisional review

Defence segment overview



Overview

Construction spends in India's defence and aerospace equipment segment stood at around Rs. 3,850 Bn between 2016 and 2020; in FY 2021-25, the segment is estimated to grow to around Rs. 4,350 Bn. Over eight years, the country plans to spend USD 130 Bn, while moderating import dependence.

The Indian defence and aerospace sector is expected to reach USD 70 Bn by 2030 on account of increased demand for quality infrastructure and increased government focus. The country's Make in India initiative intends to enhance self-sufficiency in the field of manufacturing defence equipment and aircraft.

India increased defence exports through private players. Exports increased from Rs. 4.1 Bn in FY 2017-18 to Rs. 4.9 Bn in FY

2019-20, which contributed to reducing national trade deficit.

The Indian Government embarked on various initiatives to grow the Indian defence sector. The Government allowed 100% foreign direct investment in the Indian defence sector, 79% under the automatic route and beyond that through the government route. The exchange rate variation for the private sector was placed at par with defence public sector undertakings. In the Union Budget 2021, the government allocated Rs. 4,780 Bn for the defence sector compared to Rs. 4,710 Bn in Union Budget 2020. The government increased the budgetary allocation for Defence Research and Development Organisation (DRDO) by 8% to Rs. 1,137 Mn. To widen the manufacturing base and encourage

indigenous defence manufacturing, the government placed a bar on importing 101 defence items.

The Indian government widened opportunities for the private sector by proposing defence industrial corridors in Uttar Pradesh and Tamil Nadu. Offset clauses were removed, expected to reduce the cost of accessing technology from international institutions.

DRDO announced its intent to manufacture 108 systems and sub-systems.

(Source: IBEF, Financial Express)

Capital outlay on Defence Services

(Rs. in Cr)

Year	Capital BE	Increase	% increase
2019-20	103,394.31	9,412.18	10.01
2020-21	113,734.00	10,339.69	10.00
2021-22	135,060.72	21,326.72	18.75

(Source: PIB.gov)

Military expenditure as a % of GDP

Year	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
India	2.1%	2.4%	2.38%	2.51%	2.51%	2.41%	2.5%	2.47%	2.54%	2.65%	2.71%
USA	3.5%	3.2%	3.1%	3.1%	3.2%	3.2%	3.4%	3.8%	4.2%	4.5%	4.6%
Russia	4.1%	3.87%	3.72%	4.23%	5.45%	4.86%	4.10%	3.84%	3.68%	3.42%	3.58%
World	2.08%	2.20%	2.17%	2.19%	2.23%	2.26%	2.26%	2.31%	2.38%	2.42%	2.52%

Sources: (Times of India, Macro trends, Statista, World Bank, Aviation pros.com, Orfonline. org)

Divisional review

Fuel Cell (Clean Energy) segment overview



Overview

The global fuel cell market stood at USD 263 Mn in 2020 and is expected to reach USD 848 Mn by 2025 (growing at a CAGR of 26.4%) owing to the enhanced demand for clean energy generation in developed regions, rising use of fuel cell-used vehicles, growing power sector and increased power generation capacities.

The Asia-Pacific accounts for the largest share of global fuel cell market due to growing applications in energy generation and growing fuel cell powered vehicles in the region. The countries among the major investors in fuel cell technology and advancements are Germany, UK, USA, Japan and China.

The fuel cell segment is classified based on the applications and types of fuel

cells used. PEMFC and SOFC are the two leading fuel cells used in transportation and stationary power applications respectively. PEMFC in India is under research and development by a large number of groups but it has not reached commercialisation. SOFC witnessed an increase in the share of units in 2019 due to the successful R&D implementation for stationary application.

(Source: Industry, CRISIL Research)

Overview of growth in the fuel cell industry

Parameter	2019	2025P	Growth (x)
Fuel industry size	Rs. 2.8 Bn	Rs. 5.2-5.5 Bn	1.9
Fuel industry installations by MW	1.1 GW	5.0+ GW	4.5

(Source: Industry data and publication, CRISIL Research)

Fuel cell growth drivers

Higher efficiency: Fuel cells operate at efficiencies of ~60% conversion from chemical energy to electricity whereas other conventional sources enjoy efficiencies of 20-40%.

Zero emissions: Hydrogen produces electric power in a fuel cell with nearly zero greenhouse gas emissions, emitting water vapour and warm air.

Government focus: Many other nations like the US are taking a proactive step by embracing hydrogen and fuel cell-focused strategies and investments.

Utilizing hydrogen as energy source: Owing to increasing concerns about climate change, hydrogen is evolving as a clean solution that can reduce carbon emissions worldwide, driving growth for fuel cell demand

Reduction of dependence on non-conventional energy sources: Amidst increasing security, economic concerns and environmental concerns, fuel cells facilitate the diversification of sources of fossil fuel supply sources.

Transportation and logistics applications: The electric vehicles market is expected to grow at a CAGR of 44% to reach 6.34 Mn unit annual sales by 2027. Extending demand for EVs / hybrid EVs / plug-in hybrid vehicles / FCEVs and need for substitute options for substitute means of transportation could drive

growth for the fuel cell market

Demand for uninterrupted power: India's data centre market is expected to cross USD 4.5 Bn by 2025, growing at a CAGR of about 4% as per Mckinsey. Growth of backup power fuel cells is contributed by the commercial growth of the wireless telecommunications and data centres market.

Niche applications: Off-grid application at isolated locations and marine and defence applications are gaining traction from players.

Bloom Energy: In the clean energy segment, MTAR caters to Bloom Energy USA, a market leader in the stationary fuel cell segment. Bloom Energy's sales are larger than those of the next six players combined in the fuel cell space; the industry posted a 40% CAGR in the past four years (annual installations of 1GW in 2019). Increasing public-private partnerships are also expected to result in a faster adoption of hydrogen-based applications. The opportunity size from hydrogen fuel cells is estimated at USD 300 Bn; including other areas such as the US C&I market and international expansion, the total opportunity is estimated at more than USD 2 Trn. Bloom Energy is targeting 25-30% CAGR over CY20-25E, with gross margins of 30% (CY20: 21%) and operating margins of 15% (CY20: -12%).

Key advantages of Bloom Energy fuel cells: The key advantages of Bloom Energy's fuel cells over traditional grid power comprise the following:

Competitively priced: Bloom Energy's penetration is increasing, with an annual reduction of 18% CAGR in product costs. The company expects to be competitive against traditional grid power in all 50 US states by 2025 (penetration in 12 states currently).

Uninterrupted power with high efficiency: Bloom's fuel cells are designed to provide 24x7 power and enjoy a track record of no outages, compared with grid power, while generating the highest electrical efficiency of 65% among peers.

Lower emissions: Fuel cells generate 50% lower CO₂ when compared with the US base load power generation with no particulates (SO_x and NO_x). A recent study indicates that fuel cells are able to reduce carbon reduction as effectively as renewables, given their high capacity factor (of 95%) against 10-30% for solar/wind.

Lower production footprint and no transmission lines: A 1 MW Bloom box takes only 170m² of space as against 22,257m² by a solar PV (12,500% higher), while onsite generation eliminates T&D infra requirements.

Opportunities and threats

Civil nuclear: The 15.7 GW capacity addition on account of the new reactors that are under construction and the reactors yet to be constructed over the next decade coupled with reactor refurbishment opportunities could result in unprecedented growth of the domestic industry. The stringent qualifications criteria for engaging in these opportunities related to the Civil Nuclear Power sector could strengthen established players. MTAR enjoys a history of approximately 20- 25% equipment share in each nuclear reactor; the company is expected to capitalise on

increased orders (could be delayed by some quarters on account of the pandemic).

Space: Accelerated launches could enhance order volumes. MTAR completed the development of electro-pneumatic modules; it expects to generate higher realisations, increase wallet share from ISRO by adding new capabilities and establish a sheet metal facility to address thrust chambers and other components. A significant growth in the Indian Space industry and increased ISRO wallet share could accelerate orders for MTAR.

Defence: MTAR enjoys longstanding relationships with Defence customers through a presence in niche areas. Growth from the Defence segment is expected to accelerate; import substitution could grow as DPP 2020 mandates 50% indigenous content. The company is in the process of developing electro-mechanical actuation systems that can be used in self-defence missiles. Electro-mechanical actuation systems can also be supplied to customers in diverse sectors (including Space & Defence).

Clean energy: Global governments are emphasizing renewable energy sources to emerge carbon neutral by 2050. Fuel cells are efficient energy sources;

exponential growth is expected in this segment, strengthening the company's revenues. The company intends to add more Clean Energy customers based on

its experience in manufacturing power units, hydrogen boxes and electrolyzers for Bloom Energy.

Company overview

Incorporated in 1999, MTAR Technologies has emerged as a respected player in India's precision engineering industry. The Company is engaged in the manufacture of mission-critical precision assemblies and components with close tolerance levels of 5-10 microns. The Company emerged as a market leader due to

its contribution to the Indian civilian nuclear power programme, Indian space programme, Indian defence, global defence as well as global clean energy sectors. The Company is respected for having invested in state-of-the-art facilities comprising machining, assembly, specialised fabrication, painting and

special process facilities. The company's clients comprise ISRO, NPCIL, DRDO, Bloom Energy, Rafael and Elbit, among others. Owing to a wide product portfolio, MTAR is one of the top three suppliers that provide precision engineering requirements to the Indian Civil Nuclear Power, Space and Defence sectors.

Segment wise or product wise performance

The Company does not operate in the manner of different business segments. However, we do measure revenues based on various customer segments. Our domestic revenues nearly doubled

compared to the previous year, which resulted in an increase in our bottom line. For FY 2020-21 our export revenues stood at Rs. 1,297.17 Mn, 53.33% of the total revenue from operations; and

domestic revenues stood at Rs. 1,135.12 Mn. In domestic revenues, the company generated the highest revenues from Civil Nuclear Power segment followed by Space.

Sector	Revenue generated from customers in FY 2020-21 Rs. (Mn)	Revenue generated from customers in FY 2019-20 Rs. (Mn)
Civil Nuclear Power	623.92	305.10
Space & Defence	533.94	393.39
Clean Energy	1,229.42	1,375.39
Others	45.01	29.02
Total	2432.29	2102.90

Financial overview

Analysis of the profit and loss statement

Revenues: Revenues from operations reported a 15.3 % growth from Rs. 2,137.74 Mn in FY 2019-20 to reach Rs. 2,464.32 Mn in FY 2020-21. Other income of the Company accounted for a 0.53% share of the Company's revenues, reflecting the Company's dependence on its core business operations.

Expenses: Total expenses increased by 5.96% from Rs. 1,726.09 Mn in FY 2019-20 to Rs. 1,828.98 Mn due to the increased scale of operations. Cost of materials consumed, accounting for 41.29% share of the Company's revenues, increased by 0.47% from Rs. 872.55 Mn in 2019-20 to Rs. 1,017.54 Mn in FY 2020-21 owing to an increase in the operational scale. Employees expenses, accounting for a 21.52 % share of the Company's revenues, increased by 2.74 % from Rs. 516.26 Mn in 2019-20 to Rs. 530.40 Mn in FY 2020-21.

Analysis of the Balance Sheet Sources of funds

The capital employed by the Company increased 113.49% from Rs. 2,327.65 Mn as on March 31, 2020 to Rs. 4,969.35 Mn as on March 31, 2021 owing to the issue of shares via the Initial Public offer (IPO) of 10,372,419 equity shares of a face value of Rs. 10 each for cash at a price of Rs. 575 per equity share aggregating to Rs. 5,964.14 Mn comprising a fresh issue of 2,148,149 equity shares aggregating to Rs. 1,235.19 Mn and on offer for sale of 8,224,270 equity shares aggregating to Rs. 4,728.95 Mn and also by making a pre-IPO placement of 1,851,851 equity shares of face value of Rs. 10 each for cash at a price of Rs. 540 per equity share aggregating to 1,000 Mn and increased accruals. Return on capital employed, a measurement of returns derived from every rupee invested in the business, decreased by 27 basis points from 19.60% in 2019-20 to 19.33% in FY 2020-21 due to an infusion of IPO funds at the year-end.

The net worth of the Company increased by 111.82% from Rs. 2,250.77 Mn as on

March 31, 2020 to Rs. 4,767.57Mn as on March 31, 2021 owing to Issue of shares via IPO which led to an increase in reserves and surpluses. The Company's equity share capital, comprising 3,07,59,591 equity shares of Rs. 10 each, included new equity shares 40,00,000 of Rs. 10 each issued during the year under review.

Long-term debt of the Company, including current maturities as on March 31, 2021, is Rs. 121.26 Mn (sanctioned amount Rs. 250.00) (March 31, 2020: Rs. nil) owing to borrowings mobilised to invest in a widening national footprint.

Finance costs of the Company increased by 47.30% from Rs. 47.53 Mn in 2019-20 to Rs. 70.01 Mn in FY 2020-21. Increase in finance costs was owing to High cash credit withdrawal and term loan interest payments.

Applications of funds

Fixed assets (gross) of the Company increased by 11.70% from Rs. 2,004.58

Mn as on March 31, 2020 to Rs. 2,239.22 Mn as on March 31, 2021 owing to an increase in pan-country infrastructure. Depreciation on tangible assets increased by 4.22% from Rs. 120.48 Mn in 2019-20 to Rs. 125.57 Mn in FY 2020-21 owing to an increase in fixed assets during the year under review.

Working capital management

Current liabilities of the Company decreased by 21.25% from Rs. 1,135.06 Mn as on March 31, 2020 to Rs. 893.87 Mn as on March 31, 2021, owing to a decrease in borrowings and reduction of advances from customers. The Current and Quick Ratios of the Company stood at 4.46 and 3.31, respectively at the close of FY 2020-21, compared to 1.51 and 0.83,

respectively, at the close of 2019-20.

Inventories including raw materials, work-in-progress and finished goods, among others, increased by 35.89% from Rs. 754.59 Mn as on March 31, 2020 to Rs. 1,025.44 Mn as on March 31, 2021 owing to an increase in work in progress. The inventory cycle increased from 129 days of turnover equivalent in 2019-20 to 152 days of turnover equivalent in FY 2020-21.

Growing business volumes resulted in an increase of 25.38 % in trade receivables from Rs. 616.37 Mn as on March 31, 2020 to Rs. 772.78 Mn as on March 31, 2021. All receivables were secured and considered good. The Company contained its debtor's turnover cycle within 114 days of turnover equivalent in FY 2020-21

compared to 105 days in 2019-20.

Cash and bank balances of the Company increased from Rs. 232.42 Mn as on March 31, 2020 to Rs. 1,909.00 Mn as on March 31, 2021.

Other Current Assets increased by 59.42% from Rs. 95.08 Mn as on March 31, 2020 to Rs. 151.98 on account of increased balances recoverable from government authorities and advances payable to suppliers.

Margins

The EBITDA margin of the Company improved by 660 basis points from 27.11% in 2019-20 to 33.72% while net profit margin of the Company improved by 404 basis points.

Key ratios

Particulars	2020-21	2019-20	Remarks
Debtor's turnover ratio	3.55	3.82	Our debtors turnover ratio has witnessed a nominal reduction due to slight delay in our receivables from our customers amidst COVID-19 pandemic.
Inventory turnover ratio	0.90	1.24	Our Inventory turnover has increased due to increase in average inventory, which is an outcome of increased WIP and company's proactive decisions to procure raw materials ahead of COVID-19 related issues.
Interest coverage ratio	10.26	10.58	We have a healthy operating margin that is approximately 10 times our interest cost, which depicts the company's ability to meet financial obligations.
Current ratio	4.46	1.51	The Current Ratio increased significantly due to an infusion of IPO funds.
Debt-equity ratio	0.03	0.13	Historically our debt to equity ratio has remained low as we have increased the use of internal accruals.
Operating profit margin (%)	29.15%	23.52%	Our operating margin has seen significant increase in FY 2020-21 mainly due to effect of operating leverage.
Net profit margin (%)	18.70%	14.65%	Net profit margin has increased due to increase in Operating margin, which has been improved because of our domestic sales which have a higher component of FIM.
Return on Net worth	13.13%	13.61%	Though the net income has increased our RoNW has reduced slightly due to the infusion of IPO funds of 212 Cr impacting marginally the average net worth
Return on Capital Employed	19.33%	19.60%	Infusion of IPO funds have impacted our RoCE
Net Working Capital	198	120	Our Net Working Capital increased to 198 days due to an increase in the average inventory as a result of procuring raw materials in advance and delays in receivables amidst the COVID-19 pandemic

*None of the ratios underwent a change of more than 25%

Risks and concerns

Risk, which is the manifestation of business uncertainty affecting corporate performance and prospects, is an integral part of business. Intermittent lockdowns due to COVID-19 have caused supply chain disruptions and labour shortages. These have delayed the procurement of raw materials and value addition from outsourced work. This has posed challenges to our operations in FY 2020-21. However, with our diligent

procurement and production planning and operational excellence, we were able to sail through the uncertain scenario and achieve our targets in FY 2020-21. The pandemic hit India in the form of a second wave in March FY 2020-21 and might pose challenges in terms of a delay in the procurement of raw materials, labour shortages and customer clearances, which could affect revenues.

However, the Company follows a defined and exhaustive risk management process, which is integrated with its operations. This enables it to identify, categorize and prioritize operational, financial and strategic business risks. To address the identified risks, we continue to spend significant time, effort and human resources to manage and mitigate such risks.

Internal control systems and their adequacy

The Company's internal audit system has been continuously monitored and updated to ensure that assets are safeguarded, established regulations are complied with and pending issues

are addressed promptly. The audit committee reviews reports presented by the internal auditors on a routine basis. The committee makes note of the audit observations and takes corrective

actions, if necessary. It maintains constant dialogue with statutory and internal auditors to ensure that internal control systems are operating effectively.

Information Technology

The company implemented various IT solutions and undertook upgradation of ERP solutions to integrate key areas of our operations. It used technology in relation to customer order management and dispatches, production planning and reporting, manufacturing processes, financial accounting and scheduling raw material purchase. We have taken up the upgradation of ERP with a new version - Microsoft Navision - encompassing all

business functions including production, finance, sales, manufacturing processes, storage and warehousing, inventory and human resource management to obtain a greater control over the business.

Our facilities at Unit 2 and EOU have been certified for ISO 27001:2013 Information Security Management System. We have also invested in automated shop floor management solutions to reduce the cycle time and optimise productivity

by addressing product life cycle bottlenecks.

The company intends to focus on investments in IT systems and processes, including backup systems, to improve operational efficiency, customer service, decision-making and reduce manual intervention and risks of system failures and negative impacts these failures may have on the business, improving reliability of operations.

Human resources

As on March 31, 2021, the company had 401 staff and 775 workmen (including on and off rolls) and 277 third party contractors. The company undertook periodic need-based recruitments

to enhance skill-sets, which could otherwise decline as a result of attrition and retirement. For maintaining a lean structure and maximizing return on human capital, the bulk of talent

was focused on technical activities. The average employee tenure in the Company was approximately 15 years with a modest attrition rate.

Particulars	March 31, 2021	March 31, 2020
Staff, including on and off the rolls	401	392
Workmen including on and off the rolls	775	777
Third party contractors	277	223
Total	1,453	1,392

The Company's industrial relations were amicable. The Company had two recognised labour unions, with registration numbers. There is no

labour unrest in seven years. The company's personnel policies were aimed at recruiting talent, facilitating their integration into the Company,

encouraging the development of skill-sets and creating a mutually beneficial relationship to support performance and growth.

Disclosure of Accounting Treatment

During the preparation of the financial statement of FY 2020-21 the treatment, as prescribed in an Accounting Standard,

has been followed by the Company. There is no discrepancy in Accounting Treatment as followed by the Company in

the last financial year as compared to the previous financial year.

Cautionary statement

This statement made in this section describes the Company's objectives,

projections, expectation and estimations which may be 'forward-looking

statements' within the meaning of applicable securities laws and regulations.

How we manage risks at MTAR

A structured and methodical approach towards enhancing business sustainability



Overview

The subject of risk management is increasingly relevant in view of the uncertainties affecting economies and businesses. At MTAR, business sustainability is derived through the identification of probable downsides and their proactive de-risking. This aspect is gaining increased relevance in a world where businesses and realities are marked by a larger number of uncertainties (Black Swans). The more competently we manage these risks, the stronger our capability to weather market cycles and various unforeseens. The 'how' influences the 'what': the process influences the effectiveness of risk mitigation at our company.

This is particularly critical in our business warranting technology intensity and process consistency. At MTAR, we believe that this consistency is derived from a corporate clarity: the enunciation of a medium-term strategy, focus on long-term business sustainability over short-term profitability and a clear understanding across all stakeholders of the doables and non-doables within the company's operating matrix.

At MTAR, our risk management practices are founded on our guiding principles, which we consistently strive to apply across all our risk categories. The purpose of the Company's Risk

Management Committee is to ensure that the executive management team has a risk management framework in place that includes policy, procedures and assessment methodologies that help the Company monitor and manage organisational risks effectively.

This predictability has enhanced process stability, effort outcomes and strengthened corporate sustainability. In view of this, risk management is not peripheral to the company's existence but integral to it; it is not just a short-term priority but a long-term essential.

Risk management organisation, roles and responsibilities

At MTAR, the corporate policy (and in effect our ability to manage organisational risk) is framed by our Board of Directors, comprising esteemed professionals with vast industry experience. Our governance principles, including overall risk tolerance, are directed by the Board of Directors. Our Board is assisted by various committees with specific functions

like Risk Management Committee, Audit Committee, Stakeholders' Relationship Committee, Nomination and Remuneration Committee and Corporate Social Responsibility Committee, which also includes Board member(s) who report their findings to the Board of Directors. As a governance initiative, we ensure that members within our risk

management structure are well-versed with our risk strategy and processes, ensuring complete transparency as well as improved ability to manage everyday risks. Our risk governance boosts the development and maintenance of an effective risk and control culture.

Strategic implementation and the risk management cycle

The Company has a Risk Management Committee for the successful implementation of risk management at

the operational level - risk identification, measurement, analysis and assessment; our risk reporting, limitation (reduction to

a level we have deemed appropriate) and monitoring enables us to closely follow all major risks.

Risk identification

At MTAR, risks are identified with the help of relevant systems and indicators (quantitative component). Besides, our intrinsic reporting protocol makes it possible for our executives to report risks as and when they recognise.

Risk measurement

We consistently reinforce our risk measurement tools for each business function. The risks are measured at organisational and functional levels based on the risk perception of the functional teams.

Analysis and assessment

At MTAR, it is vital that our risk management practices are efficient enough to enhance our financial performance. In this way, our financial performance is a testimony of the efficiency of our risk management and operating model.

Risk reporting

At MTAR, we periodically evaluate and report the effectiveness of our risk management to the Risk Management and other Committees covering category wise risk and the overall risks. This will potentially generate early alerts that make it possible to engage proactively in initiatives to counter the risks.

Market risks disclosure

Market risk is attributable to all market-sensitive financial instruments, including foreign currency receivables and payables. The objective of market risk management is to avoid excessive exposure of our earnings and equity to loss.

Credit risk

Credit risk occurs when a counterparty does not meet obligations under a financial instrument or customer contract, leading to a financial loss. Trade receivables are typically unsecured. Credit risk is managed by our Company through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which our Company grants credit terms in the normal course of business. We transact with banks and financial institutions with high credit ratings assigned by international and domestic credit rating agencies.

Pricing pressure risk

Customers may seek a decline in prices, affecting realisations and profitability. The company is fairly protected from this possibility on account of its commitment to stay in complex niche spaces and graduate from components to larger products.

Competition risk

Increased competition could affect the company's capacity to grow its order book or take a hit on margins. The company has grown its competencies across the decades, emerging as a sectorial thought leader. This has empowered the company to report a growing order book from within India and abroad, validating its competitiveness.



Pandemic risk

Due to the COVID-19 pandemic, there might be a delay in order inflows from our customers. The pandemic might also pose challenges in terms of delay in the procurement of raw materials, labour shortages and customer clearances that might affect our revenues. However, our robust strategic and production planning framework helps us overcome the risks of delay in order inflows.

Foreign currency risk

Although our Company's reporting currency is in Rs., we transact a significant portion of our business in other currencies, primarily USD. A significant portion of our revenue from contracts with customers are derived from outside India. Our Company has a finance team dealing with treasury activities, which evaluates the impact of foreign currency risk and manages other concerns relating to foreign exchange transactions. Our Company does not have a hedging policy and adverse movements in foreign exchange rates may affect our results.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate on account of changes in market interest rates. Our operations are funded to a certain extent by borrowings and increases in interest expense may have an adverse effect on our financial condition. Increases in interest rates would increase interest expenses relating to our outstanding floating rate borrowings and increase the cost of new debt. We manage our interest rate risk with a balanced portfolio of fixed and variable rate loans and borrowings. We do not enter into any interest rate swaps.

Liquidity risk

Liquidity risk is the risk that we may not be able to meet our present and future cash and collateral obligations without incurring unacceptable losses. We monitor our risk to a shortage of funds using a recurring liquidity-planning tool, which considers the maturity of our financial investments and financial assets (i.e. trade receivables and other financial assets) and projected cash flows from operations. We balance continuity of funding and flexibility through the use of working capital loans, letter of credit facility, bank loans and credit purchases.

Customer concentration risk

We depend on a limited number of customers for a significant portion of our revenue; the loss of one or more of our significant customers could affect our business. The company operates in a niche space marked by a wide moat. As a result, the company has protected its multi-year relationships with its customers. There has been no instance of prominent customer attrition though proportions in revenues from customers could vary as per the lumpiness of project revenues.

Expansion risk

An extension of the business into a new direction could be fraught with risk, affecting investments and outcomes. The company had moderated this risk through the synergic leverage of its precision engineering capability, the common thread that runs through existing, emerging and proposed customer verticals. As a result, each extension has been marked by a low learning curve and quicker revenues accretion, strengthening the overall competitiveness.

Indebtedness risk

A high debt on the company's books could affect cash flows and viability. The company moderated debt from Rs. 291.33 Mn as on March 31, 2020 to Rs. 48.51 Mn on March 31, 2021. This reduction was facilitated by increased cash flows, high margin of business, comfortable working capital cycles across customer verticals and the proceeds of the IPO.

Board of Directors



Subbu Venkata Rama Behara

Mr. Subbu Venkata Rama Behara is the Chairman and Independent director on our board. He has more than 20 years of manufacturing industry expertise and held senior leadership positions in various renowned firms including TATA, Hyundai, among others. He has immense global exposure with proven leadership abilities in transforming the organisations by formulating the growth strategies. He was recognised as India's 100 most powerful CEOs by ET. Currently, he is acting as an independent director to various renowned firms such as Ola Electric Mobility Private Limited, Ampere Vehicles private limited.



Krishna Kumar Aravamudan

Mr. Krishna Kumar Aravamudan is an independent director on our board. He has a rich experience in Banking & Financial sectors, and served SBI for more than 39 years in various capacities where he had also taken up the role of Managing Director. He was nominated by SEBI as Public Interest Director on the Board of Central Depository Services (India) Limited from July 2016 to July 2019. Currently, he is also an Independent Director on the Board of SBI Payment Services Private Ltd, a JV between State and of India and Hitachi, and various other companies.



Ameeta Chatterjee

Ms. Ameeta Chatterjee is an independent director on our board. She is an IIM Bangalore Alumnus and has more than two decades of corporate experience in developing, managing and executing large projects across infrastructure sectors in India and UK. She has led Joint Ventures, Mergers and Acquisitions transactions in firms such as KPMG, GM- Mergers & Acquisitions. Ameeta, currently also holds independent director board positions in Reliance Nippon Life India Asset Management Company and JSW Infrastructure. In the last five years, Ameeta has also founded Ekam Foundation Mumbai, a non-government organisation that provides subsidised surgeries and drug support to underprivileged children in Mumbai



Parvat Srinivas Reddy

Mr. Parvat Srinivas Reddy is the Managing Director on the board of our company. Parvat Srinivas Reddy has nearly three decades of industry experience in Manufacturing and Construction. He has been associated with MTAR for the past 13 years. He holds a bachelor's degree in industrial production engineering, from the University of Mysore and a Master's degree in science, specialising in industrial engineering from College of Engineering, Louisiana Tech University.



Mathew Cyriac

Mr. Mathew Cyriac is a Non-Executive Director on the board of our company. Mr. Cyriac holds a bachelor's degree in Mechanical engineering from Anna University and a post-graduate diploma in management from the Indian Institute of Management, Bengaluru, where he was awarded the IIMB Gold Medal for securing the first rank in the course for the years 1992-1994. He was previously associated with Blackstone Advisors India Private Limited and is currently a director on the board of Florintree Advisors Private Limited.



Venkatasathishkumar Reddy Gagapatnam

Mr. Venkatasathishkumar Reddy Gagapatnam is a Non-Executive Director on the Board of our Company. He holds a bachelor's degree in mechanical engineering from Bangalore University, and a master's degree in industrial engineering, from Bradley University. Apart from his association with our Company, he is a director on the board of Rasun Ace Infra Private Limited and Acecorp Group Private Limited.


Gnana Sekaran Venkatasamy

Dr. Gnana Sekaran Venkatasamy is an independent director on our board. He is an eminent Missile Scientist and the Chief Designer of the Long-Range Ballistic Missile System AGNI 5. He has held key roles in DRDO including Chief Controller R&D (Missiles & Strategic Systems), Programme Director to Agni Missiles. During his tenure in DRDO he has carried out extensive research, developed many critical technologies for Indian Defence Industry and involved in framing several policies in the areas of joint collaborations and technology acquisitions with in the country as well as abroad. He is honoured with various prestigious awards such as Scientist of the year award, Path Breaking Research/ Outstanding Technology Development Award, Technology leadership awards, among others.


Praveen Kumar Reddy Akepati

Praveen Kumar Reddy Akepati is a Non-Executive Director on the Board of our Company. He holds a bachelor's degree in electronics and communication engineering from the Faculty of Engineering, Andhra University. Prior to becoming a Director of our Company, he was associated with our Company for over 18 years, and has previously served as our vice president of projects.


Vedachalam Nagarajan

Padmasri Vedachalam Nagarajan is an independent director on our board. He has held several key positions in ISRO and is responsible for indigenising many technologies such as Indian Cryogenic Rocket Stage for GSLV, uprating the thrust of Vikas Engines, inertial measurement systems etc. Received many prestigious awards such as Outstanding Achievement by Government of India for his work. In view of his outstanding contributions to Science and Engineering, Nation had honoured him with 'Padma Shri' on the 54th Republic Day. The Russian Academy of Cosmonautics, Moscow had decorated Vedachalam with "Yuri Gagarin Gold Medal with a citation" in 2004 for ISRO-Russia Co-operation in cryogenic rocket propulsion. Madurai Kamaraj University conferred on Nagarajan Vedachalam the Degree of Doctor of Science, Honoris Causa in 2009 for his four decades of Research & Development Service in Government of India. Currently, he is also working with Academia to promote research and is co-chairman on the board for the development of precision farm machinery to automate the agriculture sector in India


Udaymitra Chandrakant Muktibodh

Mr. Udaymitra Chandrakant Muktibodh is an independent director on our board. He has decades of experience in Civil Nuclear Power Plant Technology in India. During his tenure at NPCIL he acted as a Technical Director of NPCIL and was also a member on the board of NPCIL. After the completion of Master's training with distinction in Nuclear Science and Engineering in Bhabha Atomic Research Centre (BARC) in 1981, he joined Reactor Processes Group of erstwhile Power Project Engineering Division, latter incorporated as Nuclear Power Corporation of India Ltd., of the Department of Atomic Energy.

Leadership Team



Parvat Srinivas Reddy
Managing Director



Sudipto Bhattacharya
Chief Financial Officer



Devesh Dhar Dwivedi
Chief Operating Officer



Pusparaj Satpathy
Vice President, Human Resources

Notice

Notice is hereby given that the 22nd Annual General Meeting of the Shareholders of MTAR Technologies Limited will be held on Friday, July 30, 2021 at 03.00 P.M. through Video Conferencing ("VC") / Other Audio-Visual Means ("OAVM") to transact the following business:

ORDINARY BUSINESS:

- To receive, consider and adopt the Standalone and Consolidated Audited Balance Sheet as at March 31, 2021, the Statement of Profit and Loss and Cash Flow Statement for the year ended on that date together with the Notes attached thereto, along with the Report of Auditors and Directors thereon.
- To appoint a director in place of Mr. G. Venkata Satish Kumar Reddy (DIN: 06535717) who retires by rotation and being eligible, offers himself for re-appointment. (Brief Profile: Annexure A to this Notice).

SPECIAL BUSINESS:

3. REVISION OF REMUNERATION OF MR. P SRINIVAS REDDY (DIN: 00359139) AS MANAGING DIRECTOR OF THE COMPANY:

To consider and, if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

"RESOLVED THAT in accordance with the provisions of Sections 196, 197, 203 and other applicable provisions, if any of the Companies Act, 2013 ("the Act") (including any statutory modification or re-enactment thereof for the time being in force) read with Schedule V to the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2016, as amended from time to time, consent of the members of the Company be and is hereby accorded to revise the terms and conditions of employment / Service Agreement and to increase the payment of remuneration to Mr. P. Srinivas Reddy, Managing Director of the Company for the FY 2021-22 as mentioned below".

- A gross salary of Rs. 20,00,000 per month with a fixed pay of 60% and variable pay of 40%.
- Variable pay be paid subject to achievement of targets as below. In case, the performance is less than 80% of the target set, the Board, based on the recommendation from the Nomination and Remuneration Committee, review the same and shall take appropriate decision at its discretion after considering all the facts and circumstances as regards to the achievement of performance and payment of variable pay.

Sl. No.	Performance	% of Variable pay
1.	If 80% of target is achieved	50%
2.	If 90% of target is achieved	75%
3.	If 100% of target is achieved	100%
4.	If 110% of target is achieved	120%

- Vehicle facility: Innova Crysta Ex show room Price Rs. 24.00 Lacs with Driver.
- Medical Insurance: For the Managing Director and Immediate Family members.

"RESOLVED FURTHER THAT in the event of losses or inadequacy of profits in any financial year during his tenure, the Company shall pay to Mr. P. Srinivas Reddy, Managing Director of the Company, remuneration by way of salaries and allowances as specified above as minimum remuneration and in accordance with the limits specified under the Companies Act, 2013 read with Schedule V to the Companies Act 2013, or such other limit as may be prescribed by the Government from time to time".

"RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorised to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient to give effect to this resolution."

RESOLVED FURTHER THAT Company Secretary of the Company be and is hereby authorised to file necessary forms with the Statutory Authorities as may be required."

4. APPOINTMENT OF MR. A PRAVEEN KUMAR REDDY (DIN:08987107) AS NON-EXECUTIVE DIRECTOR OF THE COMPANY:

To consider and if, thought fit to pass with or without modification(s), the following resolution as a Ordinary Resolution: -

"RESOLVED THAT pursuant to the provisions of Sections 149,152,161,164 and any other applicable provisions of the Companies Act, 2013 ("the Act"), read with the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), the provisions of the Articles of Association of the Company and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, consent of the members of the company be and is hereby accorded to appoint Mr. A Praveen Kumar Reddy (DIN: 08987107), who was appointed as an Additional Director (Category: Non-Executive Director,

Non Independent Director) of the Company with effect from December 14, 2020 by the Board and who holds office up to the date of this Annual General Meeting or the last date on which AGM should have been held, whichever is earlier, as a Non – Executive Director of the Company, and his period of office will be liable to determination by retirement of directors by rotation.”

RESOLVED FURTHER THAT Managing Director or the Company Secretary of the Company, be and are hereby severally authorised to do all such acts, deeds, matters and things as may be necessary to give full effect to the foregoing resolution.”

5. RATIFICATION OF PAYMENT OF REMUNERATION TO THE COST AUDITOR FOR THE FINANCIAL YEARS 2020-2021 AND 2021-2022:

To consider and if, thought fit to pass with or without modification(s), the following resolution as a Ordinary Resolution: -

“RESOLVED THAT pursuant to the provisions of Section 148(3) and all other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification (s) or re-enactments thereof, for the time being in force), and on recommendations of the Audit Committee and as approved by the Board of Directors, consent of the Members be and is here by accorded for payment of remuneration to M/s Sagar & Associates, (Registration No. 000118) Cost Accountants to conduct the audit of the cost records of the Company for the Financial Year ended March 31, 2021 and Financial Year ended March 31 2022 on a remuneration of Rs. 3,00,000/- per annum plus out of pocket expenses and applicable taxes.”

RESOLVED FURTHER THAT Managing Director or the Company Secretary of the Company, be and are hereby severally authorised to do all such acts, deeds, matters and things as may be necessary to give full effect to the foregoing resolution.”

6. NOMINATION OF DIRECTOR BY INVESTORS OF THE COMPANY BY VIRTUE OF ARTICLE 180 OF ARTICLES OF ASSOCIATION:

To consider and if, thought fit to pass with or without modification(s), the following resolution as a Special Resolution: -

“RESOLVED THAT Article 180 of the Articles of Association of the company be and is hereby noted and approved as mentioned below”.

- a. Notwithstanding anything in these Articles, in the event that Fabmohur Advisors LLP and Solidus Advisors LLP collectively with their affiliates hold 10% or more of the paid-up share capital of the Company on a fully diluted basis, they shall together have the right to nominate one Director on the Board of the Company. Fabmohur Advisors LLP and Solidus

Advisors LLP shall be hereinafter collectively referred to as “Investors”, and the nominee of the Investors of their affiliates is hereinafter referred to as the “Investor Director”. The nomination of the Investor Director shall take effect immediately upon a notification to the Company by the Investor.

- b. The Investor Director shall be director whose office is not capable of being vacated by retirement or by rotation. However, the Investor undertakes to cause the Investor Director to resign from the Board immediately upon the Investor ceasing to hold less than 10% of the Share Capital on a fully diluted basis and agrees that the director nomination right shall cease to exist on and from such date.
- c. The right of nomination of Directors by the Investors in sub-clause (a) above shall include the right at any time to remove from office any such individuals nominated or appointed by them and from time to time determine the period for which such individuals shall hold office as Director.
- d. The Board may appoint an alternate Director to act for a Director appointed in accordance with sub-clause (a) above (the “Original Director”) during his/her absence for a period of not less than three months from India. The Investors shall have a right to nominate any other person to be the alternate Director in place of the Original Director. The members shall ensure that the Board appoints only such persons to be alternate Directors as are recommended by the Investors.
- e. The Investors shall have a right to fill in any casual vacancy caused in the office of the Directors nominated by them, by reason of his/her resignation, death, removal or otherwise. All such nominations made by the Investors shall be in writing and shall take effect on its receipt at the office of the Company.
- f. The Investors shall ensure that they and their representatives shall, at all times, exercise their votes through their respective appointed / nominated Directors (or alternate Directors) at meetings of the Board, and otherwise act in such manner so as to comply with, and to fully and effectually implement the spirit, intent and provisions of these Articles.

RESOLVED FURTHER THAT Managing Director or the Company Secretary of the Company, be and are hereby severally authorised to do all such acts, deeds, matters and things as may be necessary to give full effect to the foregoing resolution.”

For and on behalf of the Board of Directors

MTAR Technologies Limited

Sd/-

P. Srinivas Reddy

Managing Director

(DIN: 00359139)

Place: Hyderabad

Date: 02.06.2021

NOTES:

1. In view of the continuing Covid-19 pandemic and consequential restrictions imposed on the movements of people, the Ministry of Corporate Affairs ("MCA") has vide its General Circular No. 02/2021 dated January 13, 2021 read with Circular No. 20/2020 dated May 05, 2020 in conjunction with Circular No. 14/2020 dated April 08, 2020 and Circular No. 17/2020 dated April 13, 2020, (collectively referred to as "MCA Circulars") and SEBI Circular No. SEBI/ HO/CFD/CMD1/ CIR/P/2020/79 dated May 12, 2020 and SEBI/HO/CFD/CMD2/ CIR/P/2021/11 dated January 15, 2021, Regulation 44 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), the MCA Circulars granted certain relaxations and thus permitted the holding of Annual General Meeting ("AGM") of the companies through VC/OAVM viz. without the physical presence of the Members at a common venue. Hence in compliance with the provisions of the Companies Act, 2013 ("Act"), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") and MCA / SEBI Circulars, as applicable, the AGM of the Company is being held through VC / OAVM (e-AGM).
2. The Deemed Venue of the 22nd AGM of the Company shall be its Registered Office.
3. Since the AGM will be held through VC / OAVM (e-AGM), the Route Map for venue of AGM is not annexed to the Notice.
4. Members attending the AGM through VC / OAVM shall be counted for the purpose of reckoning the quorum of the AGM under Section 103 of the Act.
5. Compliance with the MCA Circulars and SEBI Circular dated January 15, 2021 as aforesaid, Notice of the AGM along with the Annual Report (viz. Financial Statement) for Financial Year 2020-2021 is being sent only through electronic mode to those Members whose email addresses are registered with the Company/Depositories/R&T Agent. Members may note that the Notice and Annual Report for Financial Year 2020-2021 will also be available on the Company's website www.mtar.in, websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively and on the website of R&T Agent of the Company viz. KFin at <https://evoting.kfintech.com>.
Alternatively, Member may send signed copy of the request letter providing the e-mail address, mobile number, self-attested PAN copy, DP ID (in case of electronic mode shares), folio No (in case of physical mode shares) via e-mail at the Email Id – einward.ris@kfintech.com for obtaining the Annual Report and Notice of e-AGM of the Company electronically.
6. In case of joint holders, the Member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote at the AGM.
7. To avoid fraudulent transaction(s), the identity / signature of the Members holding shares in electronic / demat form is verified with the specimen signatures furnished by NSDL / CDSL and members holding shares in physical form is verified as per the records of the R&T Agent of the Company. Members are requested to keep the same updated.
8. Pursuant to the provisions of the Act and other applicable Regulations, a Member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on their behalf and the proxy need not be a Member of the Company. However since this AGM is being held pursuant to the MCA / SEBI Circulars through VC / OAVM, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will also not be available for the AGM and hence the Proxy Form and Attendance Slip are not annexed to the Notice.
9. Corporate/institutional Members (i.e. other than individuals, HUF, NRI, etc.) are required to send a scanned copy (PDF/ JPG format) of the relevant Board Resolution / Authority Letter / Power of Attorney etc. together with attested specimen signature of the duly authorised signatory (ies) who is / are authorised to vote, to the Scrutinizer through e-mail at ssrfcs@gmail.com and may also upload the same in the e-voting module in their login. The scanned image of the above documents should be in the naming format 'MTAR_ EVENT No'.
10. The facility of joining the e-AGM through VC / OAVM will be opened 15 minutes before and will remain open upto 15 minutes after the scheduled start time of the e-AGM, and will be available for 1000 members on a first-come first-served basis. This rule would however not apply to participation in respect of large Shareholders (Shareholders holding 2% or more shares of the Company), Promoters, Institutional Investors, Auditors, Key Managerial Personnel and the Directors of the Company including Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee.
11. Members are requested to notify change in their address, if any, immediately to the R&T Agent of the Company.
12. To receive faster communication by Company including Annual Reports and Notices, the Members are requested to register / update their e-mail address, Telephone Number / Mobile Number with their respective Depository Participants (DPs) where they hold their shares in electronic form. However if their shares are held in physical form, Members are advised to register their e-mail address with R&T Agent of the Company by clicking on the link <https://karisma.kfintech.com/emailreg> and following instructions thereof. Members are requested to support the green initiative efforts of the Company.
13. For ease of conduct, Members who would like to ask questions/express their views on the items of the businesses to be transacted at the AGM can send their questions / comments in advance by visiting URL <https://emeetings.kfintech.com> and clicking on the tab 'Post your Queries' during the period starting from July 25, 2021(9.00 a.m. IST)

to July 27, 2021 (5.00 p.m. IST) mentioning their name, demat account no. / Folio no., Email Id, mobile number etc. The queries so raised must also be mailed at info@mtar.in. The queries should be precise and in brief to enable the Company to answer the same suitably depending on the availability of time at the meeting.

14. The company has been maintaining, inter alia, the following statutory registers at its Registered Office – Balanagar, Hyderabad:

- i.) Register of contracts or arrangements in which directors are interested under Section 189 of the Act.
- ii.) Register of Directors and Key Managerial Personnel and their shareholding under Section 170 of the Act.

In accordance with the MCA circulars, the said registers shall be made accessible during the AGM for inspection, through electronic mode and the Shareholders can view the statutory registers of the Company after log in to <https://emeetings.kfintech.com> and clicking the button next to Thumb symbol.

15. The Members approved the appointment of M/s. S.R Batliboi & Associates LLP (101049W/E300004) as Statutory Auditors of the Company, in their Annual General Meeting held on September 30, 2020, to hold office from conclusion of till the conclusion of its 26th Annual General Meeting to be held in calendar year 2025. Since the requirement of ratification of appointment of Statutory Auditors every year by the Members of Company has been dispensed with w.e.f. May 07, 2018 vide Companies (Amendment) Act, 2017, no resolution is being proposed for ratification of appointment of Statutory Auditors at the AGM.
16. Pursuant to the requirement of Regulation 26(4) and 36(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and respective provisions of Secretarial Standard-2, the brief profile / particulars of the Directors of the Company seeking their appointment or re-appointment at the Annual General Meeting (AGM) is annexed hereto.
17. The explanatory Statement pursuant to Section 102 of the Companies Act 2013 ('Act') setting out details/material facts relating to the proposed special business(es) under Item Nos. 3 to 6 of the Notice is annexed hereto.
18. As per Regulation 40 of SEBI Listing Regulations, as amended, securities of listed companies can be transferred only in dematerialized form with effect from April 01, 2019, except in case of request received for transmission or transposition of securities. In view of this and to eliminate all risks associated with physical shares and for ease of portfolio management, Members holding shares in physical form are requested to consider converting their share holdings into dematerialized form. Members can contact the Company or its R&T Agent KFin for assistance in this regard.
19. In terms of circulars/regulations issued by SEBI, it is now mandatory to furnish a copy of PAN Card to the Company

or its R&T Agent in case of transactions related to transfer of shares, deletion of name, transmission of shares and transposition of shares, hence members are requested to furnish copy of their PAN Card while proceeding for such transactions.

20. Members holding shares in the same name under different Ledger Folios are requested to apply for consolidation of such folios and send the relevant Share Certificates to the R&T Agent of the Company for enabling them to consolidate the shares with due process.
21. Register of Members and Share Transfer Books of the Company will remain closed from Saturday, July 24, 2021 to Friday, July 30, 2021 (both days inclusive), for the purpose of AGM and for determining the name of members eligible for dividend on equity shares, if declared at AGM. As per the provisions of Section 72 of the Act, the facility for making nomination is available for the Members in respect of the shares held by them. Members who have not yet registered their nomination are requested to register the same by submitting Form No. SH-13 which can be downloaded from the Company website www.mtar.in. Members are requested to submit the said details to their DP in case the shares are held by them in electronic form and to the Company's R&T Agent M/s KFin Technologies Pvt Ltd. in case the shares are held in physical form by sending an email to einward.ris@kfintech.com.
22. SEBI Listing Regulations have mandated the Companies to credit the dividends electronically to the Members' Bank account. Members who hold shares in electronic / dematerialized form should inform their Depository Participant (DP) as well as to the Company and those Members holding shares in physical form should inform to the Company or its R&T Agent, their bank details viz. Bank Account Number, Name of the Bank and Branch details, IFSC Code and MICR Code to enable the Company to incorporate the same for dividend payments. Those Members who have earlier provided their bank details but if there is any change therein, they should also update the same instantly in the manner as aforesaid. The dividend warrant for those members who fail to update their bank details will be posted subject to the normal functioning of the postal services, considering the ongoing COVID-19 Pandemic situation.
23. Members holding shares in electronic form may please note that their bank details as furnished by the respective Depositories or KFin (RTA) to the Company will be printed on their dividend instruments as per the applicable regulations and the Company will not entertain any direct request from such Members for deletion / change in such bank details. Members may, therefore, give instructions regarding bank accounts in which they wish to receive the dividend, directly to their Depository Participants or KFin, as the case may be.
24. If the final dividend, as recommended by the Board of Directors, is approved at the AGM, payment of such dividend will be made within 30 days from the date of approval i.e., AGM as under:

25. Pursuant to Finance Act 2020, dividend income will be taxable in the hands of shareholders w.e.f. April 01, 2020 and the Company is required to deduct tax at source from dividend paid to shareholders at the prescribed rates. For the prescribed rates as applicable to various categories, the shareholders are requested to refer to the Finance Act, 2020 and amendments made thereto from time to time. Some of the major features of the latest tax provisions on dividend distribution are stated as hereunder for a quick reference.

For resident Shareholders, tax shall be deducted at source under Section 194 of the Income Tax Act, 1961 at 10% on the amount of Dividend declared and paid by the Company during financial year 2021-22 provided PAN is provided by the shareholder. If PAN is not submitted, TDS would be deducted @ 20% as per Section 206AA of the Income Tax Act, 1961.

However, no TDS shall be deducted on the dividend payable to a resident Individual if the total dividend to be received by them during Financial Year 2021-2022 does not exceed Rs. 5,000/-. Please note that this includes the previous dividend(s) paid, if any, and future dividend(s) which may be paid, during the Financial Year 2021-2022, if declared.

- i. To all the Beneficial Owners in respect of shares held in dematerialized form as per the data as may be made available by the Depositories viz. National Securities Depository Limited (NSDL) and the Central Depository Services (India) Limited (CDSL) as at the close of business hours on Friday, July 23, 2021 (viz. the "Record Date");
- ii. to all the Members in respect of shares held in physical form after giving effect to their valid transfer or transmission or transposition requests lodged with the Company, if any, as at the close of business hours on Thursday, July 01, 2021.

In cases where the shareholder provides Form 15G (applicable to any person other than a Company or a Firm) / Form 15H (applicable to an Individual above the age of 60 years), provided that the eligibility conditions are being met, no tax at source shall be deducted.

Apart from the above, since the TDS/ Withholding rates are different for resident and non-resident shareholders, members are requested to confirm their residential status as per the provisions of the Income Tax Act 1961, by sending an email at einward.ris@kfintech.com with cc to info@mtar.in

Company shall arrange to email the soft copy of TDS certificate of the Members at their registered email ID in due course, post payment of the dividend amount and in remaining cases where no email ID is registered, TDS certificates shall be posted to the Members when the postal services function normally.

In view of the above provisions, the shareholders are requested to update their PAN with the Company/R&T Agent (in case shares held in physical mode) and with the depositories (in case of shares held in demat mode). A Resident individual shareholder with PAN but not liable to pay income tax can submit a yearly declaration in Form No. 15G/15H in the aforesaid manner, to avail the benefit of non-deduction

of tax at source, by sending email to info@mtar.in upto 5.00 p.m. (IST) on July 23, 2021. Non-resident shareholders can avail beneficial rates under tax treaty between India and their country of residence, subject to providing necessary documents i.e. No Permanent Establishment and Beneficial Ownership Declaration, Tax Residency Certificate, Form 10F or any other document which may be required to avail the tax treaty benefits under the provisions of Income Tax Act, 1961 by sending an email to info@mtar.in upto 5.00 p.m. (IST) on July 23, 2021.

26. Shareholders who have not yet en-cashed their dividend warrant(s) for the financial year 2013-2014 and / or any subsequent financial years, are requested to submit their claim to the R&T Agent of the Company immediately to avoid transferring of their unpaid dividend amount to IEPF A/c.

Members are further requested to note that pursuant to the provisions of Section 124 and 125 of Companies Act, 2013, the dividends if not en-cashed for a period of 7 years from the date of transfer to Unpaid Dividend Account of the Company, are liable to be transferred to the Investor Education and Protection Fund (IEPF) and the shares in respect of which dividends remain unclaimed for seven consecutive years are also liable to be transferred to the demat account of the IEPF Authority and no claim with the Company shall lie in respect thereof. In view of this, Members are requested to claim their dividends from the Company, within the stipulated timeline. The Members, whose unclaimed dividends / shares have been transferred to IEPF, may claim the same by making an application to the IEPF Authority in Form IEPF-5 available on www.iepf.gov.in. With respect to procedure for making claim from IEPF, please refer to Corporate Governance Report separately annexed and forming part of the Annual Report.

The Company has uploaded the information in respect of unclaimed dividends on the website of the Company www.mtar.in for ready reference of the members.

27. Information and Instructions for e-voting and joining the e-AGM of Company are as follows:

1. Pursuant to the provisions of Section 108 and other applicable provisions, if any, of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended and Regulation 44 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), the Company is pleased to provide to its Members, facility to exercise their right to vote on resolutions proposed to be passed at the AGM by electronic means. The Members may cast their votes using electronic voting system from any place (viz. 'remote e-voting'). The Company has engaged the services of Kfin Technologies Private Limited ("Kfin") as the Agency to provide e-voting facility to members.
2. The Board of Directors of the Company has appointed M/s. S.S. Reddy & Associates, Practicing Company Secretaries as Scrutinizer to scrutinize the voting during the AGM and remote e-voting process in a fair and transparent manner and they have communicated their

willingness to be appointed and will be available for the said purpose.

3. Voting right of the Members shall be reckoned in proportion to their shares held in the paid-up equity share capital of the Company as on Friday, July 23, 2021 (the "Cut-off date"). Person who is not a member as on the cut-off date should treat the Notice for information purpose only.
4. A person, whose name is recorded in the Register of Members or in the register of beneficial owners maintained by the depositories (viz. CDSL/NSDL) as on the cut-off date i.e. Friday, July 23, 2021 only shall be entitled to avail the facility of remote e-voting for the resolutions placed in the AGM. Those Members, who will be present in the AGM through VC/OAVM facility and have not cast their vote on the Resolutions through remote e-voting and are otherwise not barred from doing so, shall be eligible to vote through e-voting system during the AGM.
5. The Members who have cast their vote by remote e-voting prior to the AGM may also attend / participate in the AGM through VC/OAVM but shall not be entitled to cast their vote again.
6. The remote e-voting facility will be available during the following period:

Commencement of remote e-voting: From 9.00 a.m. (IST) on Tuesday, July 27, 2021.

End of remote e-voting : At 5.00 p.m. (IST) on Thursday, July 29, 2021.

The remote e-voting will not be allowed beyond the aforesaid date and time and the e-voting module shall be disabled/blocked thereafter by the e-voting service providers. Once the vote on a resolution is cast by the Member(s), they shall not be allowed to change it subsequently or cast the vote again.

7. The remote E-Voting process, in relation to the resolutions proposed at 22nd AGM of the company has been segregated into 3 parts which is mentioned as hereunder:
 - (i) E-Voting in case of Physical Shareholders & Non-Individual Shareholders (Physical / Demat)
 - (ii) E-Voting in case of Individual Shareholders having shares in electronic / demat mode
 - (iii) E-Voting in case of attending AGM and voting thereat.

INSTRUCTION FOR REMOTE E-VOTING

- (i) In case of Physical Shareholders & Non- Individual Shareholders (Physical / Demat) :
 - a. Initial password is provided in the body of the e-mail.

- b. Launch internet browser and type the URL: <https://evoting.kfintech.com> in the address bar.
- c. Enter the log in credentials i.e. User ID and password mentioned in your e-mail. Your Folio No./DP ID Client ID will be your User ID. However, if you are already registered with KFin for e-voting, you can use your existing User ID and password for casting your votes.
- d. After entering the details appropriately, click on LOGIN.
- e. You will reach the password change menu wherein you are required to mandatorily change your password. The new password shall comprise of minimum 8 characters with at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character (@,#,\$,etc.). It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- f. You need to login again with the new credentials.
- g. On successful login, the system will prompt you to select the EVENT. Select MTAR Technologies Limited.
- h. On the voting page, the number of shares (which represents the number of votes) held by you as on the cut-off date will appear. If you desire to cast all the votes assenting / dissenting to the resolution, enter all shares and click 'FOR'/'AGAINST' as the case may be or partially in 'FOR' and partially in 'AGAINST', but the total number in 'FOR' and / or 'AGAINST' taken together should not exceed your total shareholding as on the cut-off date. You may also choose the option 'ABSTAIN' and the shares held will not be counted under either head.
- i. Members holding multiple folios/demat accounts shall choose the voting process separately for each folio / demat account.
- j. Cast your votes by selecting an appropriate option and click on 'SUBMIT'. A confirmation box will be displayed. Click 'OK' to confirm else 'CANCEL' to modify. Once you confirm, you will not be allowed to modify your vote subsequently. During the voting period, you can log in multiple times till you are confirmed that you have voted on the resolution.
- k. In case of any queries / grievances, you may refer the Frequently Asked Questions (FAQs) for Members and e-voting User Manual available at the 'download' section of <https://evoting.kfintech.com> or call KFin Technologies Pvt. Ltd. on 1800 309 4001 (toll free).
- l. Any person who becomes a Member of the Company after sending the Notice of the meeting but on or before the cut-off date viz. Friday, July 23, 2021 may obtain the USER ID and Password for e-voting in the following manner or may write an email on einward.ris@kfintech.com for obtaining support in this regard.

- a. If the mobile number of the Member is registered against Folio No. /DP ID Client ID, the Member may send SMS : MYEPWD <space> E-Voting Event number+ Folio No. (in case of physical shareholders) or DP ID Client ID (in case of Dematted shareholders) to 9212993399.

Example for NSDL	MYEPWD <SPACE> IN12345612345678
Example for CDSL	MYEPWD <SPACE> 1402345612345678
Example for Physical	MYEPWD <SPACE> XXX1234567890

- b. If e-mail address or mobile number of the Member is registered against Folio No./ DP ID Client ID, then on the home page of <https://evoting.kfintech.com>, the Member may click "forgot password" and enter Folio No. or DP ID Client ID and PAN to generate a password.
- c. Member may call KFin toll free number 1-800-3094-001 for all e-voting related matters.
- d. Member may send an e-mail request to einward.ris@kfintech.com for support related to e-voting matter.

- (ii) In case of Individual Shareholders having shares in electronic /demat mode:

Such shareholder(s) may refer the e-voting process mandated for them vide SEBI circular dated December 09, 2020 and should follow following process for remote e-voting:

NSDL	CDSL
1. User already registered for IDeAS facility:	1. Existing user who have opted for Easi / Easiest
I. URL: https://eservices.nsd.com	I. URL: https://web.cdslindia.com/myeasi/home/login or URL: www.cdslindia.com
II. Click on the "Beneficial Owner" icon under 'IDeAS' section.	II. Click on New System Myeasi
III. On the new page, enter User ID and Password. Post successful authentication, click on "Access to e-Voting"	III. Login with user id and password.
IV. Click on company name or e-Voting service provider and you will be re-directed to e-Voting service provider website for casting the vote during the remote e-Voting period.	IV. Option will be made available to reach e-Voting page without any further authentication.

	V. Click on e-Voting service provider name to cast your vote.
2. User not registered for IDeAS e-Services	2. User not registered for Easi/Easiest
I. To register click on link : https://eservices.nsd.com	I. Option to register is available at https://web.cdslindia.com/myeasi/Registration/EasiRegistration
II. Select "Register Online for IDeAS"	II. Proceed with completing the required fields.
** (Post registration is completed, follow the process as stated in point no. 1 above).	** (Post registration is completed, follow the process as stated in point no. 1 above).
3. First time users can visit the e-Voting website directly and follow the process below:	3. First time users can visit the e-Voting website directly and follow the process below
I. URL: https://www.evoting.nsd.com/	I. URL: www.cdslindia.com
II. Click on the icon "Login" which is available under 'Shareholder/ Member' section.	II. Provide demat Account Number and PAN No.
III. Enter User ID (i.e. 16-digit demat account number held with NSDL), Password/OTP and a Verification Code as shown on the screen.	III. System will authenticate user by sending OTP on registered Mobile & Email as recorded in the demat Account.
IV. Post successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page.	IV. After successful authentication, user will be provided links for the respective ESP where the e-Voting is in progress.
V. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period.	V. Click on company name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period.

Individual Shareholders (holding securities in demat mode) login through their depository participants.

You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. Once login, you will be able to see e-Voting option. Click on e-Voting option and you will be redirected to NSDL/CDSL Depository site after successful authentication. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service

provider website for casting your vote during the remote e-Voting period.

Important note:

Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at above mentioned website.

Members facing any technical issue - NSDL	Members facing any technical issue - CDSL
Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free no.: 1800 1020 990 and 1800 22 44 30	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at 022- 23058738 or 22-23058542-43.

Attending of E-AGM

- a) Members will be able to attend the e-AGM through VC/OAVM facility provided by KFin at <https://emeetings.kfintech.com> by clicking on the tab 'video conference' and using their remote e-voting login credentials as provided by Kfintech. The link for e-AGM will be available in Member's login where the EVENT and the name of the Company can be selected. Member's who do not have User ID and Password for e-voting or have forgotten the User ID and Password may retrieve the same by following the instructions mentioned hereinabove vide para 27(7)(l) of this notice.
- b) Members are encouraged to join the meeting through Laptops with Google Chrome for better experience.
- c) Further, members will be required to allow camera, if any, and hence use internet with a good speed to avoid any disturbance / glitch / garbling etc. during the meeting.
- d) While all efforts would be made to make the VC/OAVM meeting smooth, participants connecting through mobile devices, tablets, laptops etc. may at times experience audio/video loss due to fluctuation in their respective networks. Use of a stable Wi-Fi or LAN connection can mitigate some of the technical glitches.
- e) Members, who would like to express their views or ask questions during the e-AGM will have to register themselves as a speaker by visiting the URL <https://emeetings.kfintech.com> and clicking on the tab 'Speaker Registration' and mentioning their registered e-mail id, mobile number and city, during the period starting from June 26, 2021 (9.00 a.m. IST) up to June 27, 2021 (5.00 p.m. IST). Only those members who have registered themselves as a speaker will be allowed to express their views/ask questions during the e-AGM and the maximum time per speaker will be restricted to 3 minutes.

Members who want to get their pre-recorded video uploaded for display during the AGM of the Company, can also upload the same by visiting <https://emeetings.kfintech.com> and uploading their video in the 'Speaker Registration' tab, during June 26, 2021 to June 27, 2021, subject to the condition that size of such video should be less than 50 MB.

The Company reserves the right to restrict the number of speakers and display of videos uploaded by the Members depending on the availability of time for the e-AGM. Please note that questions of only those Members will be entertained/considered who are holding shares of Company as on the cut-off date viz July 23, 2021.

- f) A video guide assisting the members attending e-AGM either as a speaker or participant is available for quick reference at URL <https://cruat04.kfintech.com/emeetings/video/howitworks.aspx>
- g) Members who need technical or other assistance before or during the e-AGM can contact KFin by sending email at emeetings@kfintech.com or Helpline: 1800 309 4001 (toll free). For any other kind of support / assistance related to the AGM, members can also contact Mr. Shubham Bagadia at phone number 040-44553333/23078312 or may write info@mtar.in / shubham.bagadia@mtar.in
- h) Due to limitations of transmission and coordination during the Q&A session, the Company may dispense with the speaker registration during the e-AGM conference.

Voting at E-AGM (INSTAPOLL)

- a. Only those members/shareholders who hold shares as on the cut off date viz. July 23, 2021 and who have not casted their vote earlier through remote e-voting are eligible to vote through e-voting during the e-AGM.
- b. Members who have voted through remote e-voting will be eligible to attend the e-AGM.
- c. Members attending the e-AGM shall be counted for the purpose of reckoning the quorum of AGM under Section 103 of the Companies Act, 2013.
- d. Upon declaration by the Chairperson about the commencement of e-voting at e-AGM, Members shall click on the "Vote" sign on the left-hand bottom corner of their video screen for voting at the e-AGM, which will take them to the 'Instapoll' page.
- e. Members to click on the "Instapoll" icon to reach the resolution page and follow the instructions to vote on the resolutions.
- f. The electronic voting system for e-voting at AGM, as provided by KFIN Technologies Pvt Ltd, shall be available for 30 minutes from the time of commencement of voting declared by the Chairman at the AGM.

General Information:

- i. The Scrutiniser shall, immediately after the conclusion of voting at the AGM, first count the votes cast at the meeting, thereafter unlock the votes cast through remote of the total votes cast in favour or against, if any, and submit the report to the Chairperson of the Company or any person authorized in that respect within 2 working days of the conclusion of the AGM, who shall countersign the same and thereafter results of the voting will be declared. The results declared along with the scrutiniser's report shall be placed on the Company's website at www.mtar.in and on the website of R&T Agent KFin viz. <https://evoting.kfintech.com> and shall

also be communicated to the stock exchanges viz BSE Limited & National Stock Exchange of India Ltd. where the shares of the Company are listed. The resolutions shall be deemed to have been passed at the AGM of the Company subject to obtaining requisite votes thereto.

- ii. Process for registration of email id for obtaining Annual Report or other communications from company and process for updation of bank account mandate for receipt of dividend are stated as hereunder:

Physical Holding	<p>Submit a request to KFin at https://karisma.kfintech.com/emailreg providing Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) for registering email address, on or before July 23, 2021 in relation to 22nd AGM.</p> <p>Alternatively Annual Report, consisted of AGM notice, can also be downloaded from Company website www.mtar.in</p> <p>For updation of dividend mandate, please send following details to einward.ris@kfintech.com on or before July 23, 2021.</p>
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	<p>a. Name and Branch of the Bank in which you wish to receive the dividend,</p> <p>b. the Bank Account type,</p> <p>c. Bank Account Number allotted by their banks after implementation of Core Banking Solutions,</p> <p>d. 9 digit MICR Code Number,</p> <p>e. 11 digit IFSC Code and</p> <p>f. a scanned copy of the cancelled cheque bearing the name of the first shareholder.</p>
Demat Holding	Please contact your Depository Participant (DP) and register your email address and bank account details in your demat account, as per the process advised by your DP.

Login method for e-Voting :

As per the SEBI circular dated December 09, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in Demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility. The remote e-voting process of the Depositories viz NSDL and CDSL are different which are stated below to facilitate the members.

For and on behalf of the Board of Directors

MTAR Technologies Limited

Sd/-

P. Srinivas Reddy
Managing Director
(DIN: 00359139)

Place: Hyderabad
Date: 02.06.2021

Explanatory Statement

PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013

FOR ITEM NO: -3.

The Board of Directors of the Company at their meeting held on 17.08.2020, approved the appointment of Mr. P. Srinivas Reddy as Managing Director of the Company for a term of three years commencing from 01.09.2020 to 01.09.2023.

Based on the recommendations of the Nomination and Remuneration Committee, and having considered the contribution Mr. P. Srinivas Reddy in terms of leadership, strategy formulation and execution, financial planning, maintaining relations both with the board and external entities, improving the turnovers and profitability of the company, the Board in its meeting held on 23.04.2021 revised and increased the remuneration of the Managing Director for the financial year 2021-2022 with effect from 01.04.2021 as mentioned in the resolution.

The Board of Directors recommends the passing of the above resolution as a Special Resolution set out in the item no. 3.

None of the other Directors /Key Managerial Personnel and their relatives except Mr. P. Srinivas Reddy himself, is in any way interested or concerned financially or otherwise, in the Resolution set out in the notice.

Information in accordance with Schedule V of Companies Act, 2013

I. GENERAL INFORMATION

- Nature of Industry: Precision engineering
- Date or expected date of commencement of commercial: The Company started its commercial operations in the year 11.11.1999
- In case of new companies, expected date of commencement of business activities as per project approved by financial institutions appearing in the prospects: Not Applicable
- Financial performance based on given indications.

Particulars	2020-21 (Rs. in Mn)	2019-20 (Rs. in Mn)	2018-19 (Rs. in Mn)
Turnover	2464.32	2137.74	1836.71
Net profit after Tax	460.83	313.18	391.99

- Foreign investments or collaborations, if any: Not Applicable

II. INFORMATION ABOUT THE APPOINTEE:

- Background Details: Mr. P. Srinivas Reddy holds a bachelor's degree in engineering, specializing in industrial production, from the University of Mysore and a master's degree in science, specializing in industrial engineering from College of Engineering, Louisiana Tech University, He is associated with the company for more than 15 years in various capacities, and thus is well versed with the industry.

- Past Remuneration: The remuneration drawn by Mr. P. Srinivas Reddy (DIN: 00359139) Managing Director was Rs. 10 Lacs /- per month with a fixed pay of 70% and variable pay of 30%.

- Recognition or awards: Not Applicable

4. Job Profile and his suitability:

The Industry in which MTAR operates demands from the top management a great amount of experience in the field of Aerospace, Nuclear Energy, Satellites and other Defense related activities including Missiles Technology etc., involving various government and non- government agencies both in India and Abroad like ISRO etc. Mr. P. Srinivas Reddy who holds a bachelor's degree in engineering, specializing in industrial production and a master's degree in science, specializing in industrial engineering from USA, in addition to having more than 15 years working experience in MTAR itself, is more suitable for the top slot in the Company.

5. Remuneration proposed:

As set out in the resolutions for the Item No.3 the remuneration to Mr. P. Srinivas Reddy, Managing Director has the approval of the Nomination and Remuneration Committee and Board of Directors.

- Comparative remuneration profile with respect to industry, size of the company profile of the position and person (in case of expatriates the relevant details would be w.r.t. the country of his origin):

Taking into consideration of the size of the Company, the profile of Mr. P. Srinivas Reddy and the responsibilities shouldered on him, the aforesaid remuneration package is commensurate with the remuneration package paid to managerial positions in other companies.

- Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any:

Besides the remuneration proposed, he is holding 13,92,903 Equity Shares of the Company.

III. OTHER INFORMATION:

- Steps taken or proposed to be taken for improvement: Necessary efforts are being made to increase the production and efficiency which in turn will add to the growth of the business as well as the profitability.
- Expected increase in productivity and profit in measurable terms: The company is committed to build the business operations within budget and considering that the business operates on a going concern basis, it is believed that financial position of the company will increase considerably in the coming years.

ITEM NO. 4:

The Board of Directors ('Board'), at their meeting held on 14.12.2020 appointed Mr. A Praveen Kumar Reddy (DIN: 08987107), as an Additional (Non-Executive, Non-Independent) Director of the Company, with effect from December 14, 2020. Pursuant to the provisions of Section 161 of the Act and Article of the Articles of Association of the Company, Mr. A Praveen Kumar Reddy will hold office up to the date of this Annual General Meeting or the last date on which AGM should be held, and is eligible to be appointed as a Director of the Company. Mr. A Praveen Kumar Reddy will be liable to retire by rotation and will be subject to the Company's Policy on Retirement of Directors. The Company has received from Mr. A Praveen Kumar Reddy's consent in writing to act as Director in Form DIR-2 pursuant to Rule 8 of the Companies (Appointment and Qualifications of Directors) Rules, 2014; (ii) Intimation in Form DIR-8 in terms of the Companies (Appointment and Qualifications of Directors) Rules, 2014, to the effect that he is not disqualified under Section 164(2) of the Act and (iii) Declaration pursuant to BSE Circular No. LIST/COMP/14/ 2018-19 dated June 20, 2018, that he has not been debarred from holding office of a Director by virtue of any Order passed by Securities and Exchange Board of India or any other such authority.

Additional information in respect of Mr. A Praveen Kumar Reddy, pursuant to Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Secretarial Standards on General Meetings (SS-2), is given at Annexure B to this Notice.

The Board recommends the passing of the above resolution as an ordinary Resolution set forth in Item No. 4 for the approval of the Members.

None of the Directors / Key Managerial Personnel and their relatives except Mr. A Praveen Kumar Reddy himself, of the Company is, in any way, concerned or interested, financially or otherwise, in the Resolution.

ITEM NO. 5:

Based on the recommendation of the Audit Committee, the Board of Directors has approved the appointment of M/s. Sagar & Associates, (Registration No.000118), Cost Accountants as Cost Auditors of the Company through circular resolution dated March 20, 2021 for the financial years ending March 31 2021 and March 31 2022 to conduct the audit of cost records and fixed their remuneration at Rs. 3,00,000 /-per annum plus out of pocket expenses and applicable taxes etc.

As per the provisions of Section 148 of the Act read with the Companies Act, 2013 and as per the Rule 14 of Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors has to be subsequently approved by the shareholders of the Company.

Accordingly, the Board of Directors recommends the passing of the above Resolution as an Ordinary Resolution set out in the item no. 5 of the notice.

None of the Directors/ Key Managerial Personnel and their relatives of the Company is in any way, concerned or interested, financially or otherwise, in the Resolution.

ITEM NO. 6:

The members in the EGM held on 05.12.2020, approved the amendment of the Articles of Association including the terms and conditions of the Share Purchase and Subscription Agreement (as mentioned in part B) and the Right of Investor to nominate a director on the Board of the company.

The company prior to IPO has signed several agreements with the investors from time to time and the last one was signed and executed on 05.12.2020 as an amendment Agreement to the Subscription, Share Purchase and Shareholders Agreement dated November 07, 2007, as supplemented by the Supplementary Agreement dated March 6, 2009 and the Deed of Adherence dated November 10, 2017 (collectively, the "shareholders agreement").

Accordingly, an Article 180 has been inserted in the Articles of Association. As per the amendment, the Article 180, notwithstanding anything contained in the Articles of Association of the Company, shall be placed before the Shareholders for their approval through special resolution post listing of the equity shares on the Stock Exchanges. In the event the Shareholders approve the Article, this Article 180 would come into force and become valid, applicable and effective along with other Articles in the Part A and the provisions of Article 180 shall prevail over anything contained in the Articles of Association in case of any inconsistency.

After complying with the due process of IPO, the company got its shares listed on the Stock Exchanges on 15.03.2021. Post-listing, the company has Investor who was and has become the member of the company prior to listing by virtue of Share Purchase and Subscription Agreement and holds 10% of the Share Capital on a fully diluted basis as mentioned below:

Sr. No.	Name of the Investor	No. of Shares held	Percentage of Shares held
1	Fabmohur Advisors LLP	25,86,740	8.41
2	Solidus Advisors LLP	4,89,530	1.59

At present, Mr. Mathew Cyriac is on the Board of the Company as a nominee director of Investor who has contributed immensely for the successful completion of the IPO apart from providing valuable guidance and support for the growth and development of the company.

Accordingly, the Board of Directors recommends the passing of the above Resolution as a Special Resolution set out in the item no. 6 of the notice recognizing the right of Investor to nominate a director on the board of the company as long as the investor namely Fabmohur Advisors LLP and Solidus Advisors LLP collectively with the affiliates hold 10% or more of the paid Share Capital of the company on a fully diluted basis.

None of the Directors / Key Managerial Personnel and their relatives except Mr. Mathew Cyriac himself, of the Company is, in

any way, concerned or interested, financially or otherwise, in the Resolution.

For and on behalf of the Board of Directors

MTAR Technologies Limited

Sd/-

P. Srinivas Reddy

Managing Director

(DIN: 00359139)

Place: Hyderabad

Date: 02.06.2021

ANNEXURE-A: ITEM. 2 OF THE NOTICE

Details of Directors seeking appointment and re-appointment at the forthcoming Annual General Meeting [Pursuant to Regulation 36(3) of the SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015 and Secretarial Standard 2 on General Meetings]

Name of the Director	Venkata Satish Kumar Reddy Gangapatnam
Date of Birth	February 25, 1966
Address	House No. 592, Road No. 12, Banjara Hills, Hyderabad 500 034, Telangana, India
Email-id	gvskreddy@gmail.com
Nationality	Indian
Date of Appointment on the Board	21.09.2017
Qualifications	Graduate in specialised mechanical engineering, from Bangalore University, and a master's degree in science, specialising in industrial engineering, from Bradley University.
Expertise in specific functional area	Has been associated with the company for since 2017 as Non-executive Director, thus is well versed with the functions and Management of the Company.
Number of shares held in the Company	-
List of the directorships held in other companies*	Rasun Ace Infra Private Limited, Acecorp Group Private Limited and Magnatar Aero Systems Private Limited.
Relationships between Directors inter-se	NONE
Chairman/ Member in the Committees of the Boards of companies in which he is Director*	NIL
Remuneration details (Including Sitting Fees & Commission)	As approved by the Board i.e. Rs. 75,000/- per Board Meeting and Rs. 40,000/- per Committee Meeting.

*Excluding MTAR Technologies Limited

Brief Profile:

Mr. Praveen Kumar Reddy Akepati, is an engineering graduate from Andhra University, with experience of over 25 years in the Industry, He has been associated with MTAR from 18+ years and has also given immense support in the Operations, Strategies and Management, in the Capacity of Vice president to the Company.

ANNEXURE-B: ITEM. 4 OF THE NOTICE.

Details of Directors seeking appointment and re-appointment at the forthcoming Annual General Meeting [Pursuant to Regulation 36(3) of the SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015 and Secretarial Standard 2 on General Meetings]

Name of the Director	Praveen Kumar Reddy Akepati
Date of Birth	01/07/1967
Address	321/A23, Road No.25A, Behind Obul Reddy School, Jubilee Hills Shaikpet Hyderabad-500033 Telangana, India
Email-id	praveen@mtar.in
Nationality	Indian
Date of Appointment on the Board	14/12/2020
Qualifications	Bachelor's degree in engineering from the Faculty of Engineering, Andhra University
Expertise in specific functional area	Has been associated with the company for 18+ years, also worked at the position of Vice President in the Company thus is well versed with the Operations, Strategies and Management of the Company.
Number of shares held in the Company	NIL
List of the directorships held in other companies*	NIL
Relationships between Directors inter-se	NONE
Chairman/ Member in the Committees of the Boards of companies in which he is Director*	NIL
Remuneration details (Including Sitting Fees & Commission)	As approved by the Board i.e. Rs. 75,000/- per Board Meeting and Rs. 40,000/- per Committee Meeting.

*Excluding MTAR Technologies Limited

Brief Profile:

Mr. Praveen Kumar Reddy Akepati, is an engineering graduate from Andhra University, with experience of over 25 years in the Industry, He has been associated with MTAR from 18+ years and has also given immense support in the Operations, Strategies and Management, in the Capacity of Vice president to the Company.

Directors' Report

Dear Members,

Your Directors have pleasure in presenting the Directors' Report and the Audited Statement of Accounts of the Company for the Financial Year ended March 31 2021.

1. FINANCIAL SUMMARY/HIGHLIGHTS:

The performance of the Company during the year has been as under:

(Rs. in Mn)

Particulars	Standalone		Consolidated	
	2020-2021	2019-2020	2020-2021	2019-20
Revenue from Operations	2,464.32	2,137.74	2,464.32	2,137.74
Other Income	13.10	43.68	13.10	43.68
Profit/Loss Before Depreciation, finance costs, Exceptional Items and Tax expense	844.02	623.34	843.85	623.34
Depreciation/Amortisation/Impairment	125.57	120.48	125.57	120.48
Profit/Loss before finance costs, exceptional items and Tax expense	718.45	502.86	718.45	502.86
Less: Finance Costs	70.01	47.53	70.01	47.53
Profit/Loss before Exceptional Items and Tax expenses	648.44	455.33	648.27	455.33
Add/(Less): Exceptional Items	0	0	0	0
Profit/Loss before tax expense	648.44	455.33	648.27	455.33
(Less): Tax Expense (Current & deferred)	187.61	142.15	187.61	142.15
Profit/(Loss) for the year (1)	460.83	313.18	460.66	313.18
Other Comprehensive Income/(Loss) (2)	(6.07)	(23.97)	(6.07)	(23.97)
Total (1+2)	454.76	289.21	454.59	289.21
Balance carried forward to balance sheet	454.76	289.21	454.59	289.21
Earnings per share	17.00	11.11	16.99	11.11

REVIEW OF OPERATIONS:

Your Company has shown consistent performance during the year under review in spite of Covid Related challenges including a National Lockdown for almost 2 Month, and achieved sales and other income of Rs. 2,477.42 Mn and net profit of Rs. 460.83 Mn as compared to sales and other income of Rs. 2181.42 Mn and net profit of Rs. 313.18 Mn achieved in the previous financial year.

BUSINESS UPDATE AND STATE OF COMPANY'S AFFAIRS:

The information on Company's affairs and related aspects is provided under Management Discussion and Analysis report, which has been prepared, inter-alia, in compliance with Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) regulations, 2015 and forms part of this Report.

2. INITIAL PUBLIC OFFERING

During the Year, the Company has been converted from Private Limited to Public Limited w.e.f. 02.11.2020 to come out with the IPO.

The Company's Initial Public Offering (IPO) for 10,372,419 equity shares of face value of ₹ 10 each (the "Equity Shares") of the Company for cash at a price of ₹ 575 per Equity Share aggregating up to ₹ 5,964.14 Mn, consisting of a fresh issue of 2,148,149 Equity Shares ("Fresh Issue") and an offer for sale of up to 8,224,270 Equity Shares has recorded many milestones in terms of the subscription

received, quality of investors etc.,

There was a tremendous response from the market for the IPO of the company which opened on Wednesday, March 03, 2021 and closed on Friday, March 05, 2021. The issue was subscribed 200.79 times, with the QIB portion getting subscribed by 164.99 times, the non-institutional portion by 650.79 times and the retail portion by 28.40 times.

The Main Objects of the IPO are Repayment / prepayment in full or in part, of borrowings availed by our Company, funding working capital requirements and General Corporate purposes.

The trading of Equity Shares of the Company commenced on BSE Limited and National Stock Exchange of India Limited on March 15, 2021. The success of IPO reflects the trust, faith and confidence that investors, customers, business partners and markets have reposed in your Company.

3. IMPACT OF COVID - 19:

The COVID-19 created havoc in the world economy and severely affected the health of people at large and held the world at its standstill. Accordingly, the lockdowns that were announced from time to time across India resulting in temporary suspension of operations and temporary closure of offices and plants/manufacturing facilities of the Company in line with the government/local authorities' directions.

However, during the lockdown, your Company continued to provide support to customers with the invaluable support of Employees/workers and Management at various levels. As the restrictions were eased out, your Company while closely monitoring the situation and following safety guideline, started staggered manufacturing at its plants and took all the necessary steps to maintain or achieve the predetermined targets.

4. CHANGE IN THE NATURE OF THE BUSINESS, IF ANY

During the period under review and the date of Board's Report there was no change in the nature of Business.

5. RESERVES

The Closing balance of reserves, including retained earnings, of the Company as at March 31, 2021 is Rs. 4,459.98 in Mn.

6. DIVIDEND

The Board of Directors had declared an Interim Dividend of Rs. 3/- per share amounting to Rs. 80.28 Mn for the half year ended 30.09.2020 and the same was paid.

In keeping with this trend, the Board of Directors are pleased to recommend a Final Dividend of Rs. 3/- per equity shares for the financial year 2020-21.

The final dividend is subject to approval of the Shareholders at the ensuing Annual General Meeting of the Company scheduled to be held on July 30, 2021. The final dividend once approved by

Shareholders will be paid within the stipulated time subject to deduction of tax at source. The Record Date for the purpose of payment of final dividend will be July 23, 2021.

In terms of Regulation 43A of the Securities and Exchange Board of India ("SEBI") (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), the Dividend Distribution Policy was adopted to set out parameters and circumstances that will be taken into account by the Board while determining the distribution of dividend to the shareholders. The Policy is available on the website of the Company under the weblink <https://mtar.in/> and same is annexed as Annexure I to this Report.

7. MATERIAL CHANGES & COMMITMENT AFFECTING THE FINANCIAL POSITION OF THE COMPANY

There are no major material changes and commitments affecting the financial position of the Company after the end of the financial year and up to date of this report (i.e.02.06.2021)

8. BOARD MEETINGS

The Board of Directors duly met thirteen (13) times during the financial year from April 01, 2020 to March 31 2021. The dates on which the meetings were held are 20.04.2020, 20.06.2020, 14.08.2020, 08.09.2020, 05.10.2020, 19.10.2020, 02.11.2020, 05.12.2020, 14.12.2020, 09.02.2021,15.02.2021, 22.02.2021 and 08.03.2021. All the meeting were conducted through Audio Visual means during the FY 2020-21.

9. APPOINTMENT / RE-APPOINTMENT / RESIGNATION / RETIREMENT OF DIRECTORS /CEO/ CFO AND KEY MANAGERIAL PERSONNEL

a) Appointments:

Following appointments have taken place during the year:

S. No	Name of the Director/KMP	Designation	Date
1.	Mr. Sudipto Bhattacharya	CFO	01.09.2020
2.	Mr. Shubham Bagadia	Company Secretary	20.10.2020
3.	Mr. Subbu Venkata Rama Behara	Independent Director	05.12.2020
4.	Mr. Krishna Kumar Aravamudan	Independent Director	05.12.2020
5.	Mr. Gnana Sekaran Venkatasamy	Independent Director	05.12.2020
6.	Ms. Ameeta Chatterjee	Independent Director	05.12.2020
7.	Mr. Udaymitra Chandrakant Muktibodh	Independent Director	05.12.2020
8.	Mr. Vedachalam Nagarajan	Independent Director	05.12.2020
9.	*Mr. P. Srinivas Reddy	Managing Director	01.09.2020 to 01.09.2023
10.	Mr. A. Praveen Kumar Reddy	Additional Director	14.12.2020

* Mr. P. Srinivas Reddy was appointed as the Managing Director of the company for a term of three years from 01.09.2020 to 01.09.2023 in the board meeting held on 14.08.2020

b) Resignations:

Following Resignations have taken place during the year:

S. No	Name of the Director/KMP	Designation	Date
1.	Mr. P. Jayaprakash Reddy	Director	10.04.2020
2.	Mr. K. Satyanarayana Reddy	Director	07.05.2020
3.	Mrs. P. Kalpana Reddy	Director	18.08.2020
4.	Mr. C. Sukesh Reddy	Director	25.08.2020
5.	Mr. Anushman Reddy	Promoter nominee Director	19.10.2020
6.	Mr. Loka Rohith Reddy	Promoter nominee Director	19.10.2020
7.	Mr. P. Simhadri Reddy	Investor Nominee Director	19.10.2020
8.	Mr. Vamsidhar Reddy Kallem	Director	14.12.2020
9.	Mr. Abhaya Shankar	CEO	10.05.2020

The Board places on record their appreciation for the invaluable contribution made by the above directors and officer(s) during their tenure.

- c) As required under regulation 36 (3) of the SEBI (LODR), Regulations, 2015, brief particulars of the Directors seeking appointment/re-appointment i.e., Mr. G.V. Satish Kumar Reddy and Mr. A. Praveen Kumar Reddy are given as Annexure A and B to the notice of the AGM forming part of this Annual Report.
- d) During the year, Mr. Mathew Cyriac was re-designated from Non-Executive Director to Nominee Director w.e.f. 05.12.2020.
- e) During the year, Mr. Devesh Dhar Dwivedi was designated as the Chief Operating Officer of the Company w.e.f. 01.09.2020 from the designation of Chief Financial Officer.
- f) During the year under review, the non-executive directors of the Company had no pecuniary relationship or transactions with the Company, other than sitting fees, commission and reimbursement of expenses, if any.

10. REVISION OF FINANCIAL STATEMENTS

There was no revision of the financial statements for the year under review. However, the company has undertaken the task of re-statement of the financials for the purpose of IPO.

11. DECLARATION FROM INDEPENDENT DIRECTORS ON ANNUAL BASIS

The Company has received declarations from Mr. Krishna Kumar Aravamudan, Mr. Subbu Venkata Rama Behara, Mr. Gnana Sekaran Venkatasamy, Ms. Ameeta Chatterjee, Mr. Udaymitra Chandrakant Muktibodh and Mr. Vedachalam Nagarajan, Independent Directors of the Company to the effect that they are meeting the criteria of independence as provided in Sub-Section (6) of Section 149 of the Companies Act, 2013 and Regulation 25 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Independent Directors have also confirmed that they have

complied with Schedule IV of the Act and the Company's Code of Conduct.

In terms of Regulations 25(8) of the Listing Regulations, the Independent Directors have confirmed that they are not aware of any circumstance or situation, which exists or may be reasonably anticipated, that could impair or impact their ability to discharge their duties with an objective independent judgement and without any external influence.

12. FAMILIARIZATION PROGRAM FOR INDEPENDENT DIRECTORS

Independent Directors are familiarized about the Company's operations and businesses. Interaction with the Business heads and key executives of the Company is also facilitated. Detailed presentations on important policies of the Company is also made to the directors. Direct meetings with the Chairman are further facilitated to familiarize the incumbent Director about the Company/its businesses and the group practices.

13. POLICY ON DIRECTOR'S APPOINTMENT AND REMUNERATION AND OTHER DETAILS

The assessment and appointment of Members to the Board is based on a combination of criterion that includes ethics, personal and professional stature, domain expertise, gender diversity and specific qualification required for the position. The potential Board Member is also assessed on the basis of independence criteria defined in Section 149(6) of the Companies Act, 2013 and Regulation 27 of SEBI (LODR) Regulations, 2015.

In accordance with Section 178(3) of the Companies Act, 2013 and Regulation 19(4) of SEBI (LODR) Regulations, 2015, on the recommendations of the Nomination and Remuneration Committee, the Board adopted a remuneration policy for Directors, Key Management Personnel (KMPs) and Senior Management. The Policy is attached a part of Corporate Governance Report.

We affirm that the remuneration paid to the Directors is as per the terms laid down in the Nomination and Remuneration Policy of the Company.

14. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement of Section 134(3)(c) and 134(5) of the Companies Act, 2013 and on the basis of explanation given by the executives of the Company and subject to disclosures in the Annual Accounts of the Company from time to time, we state as under:

1. That in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
2. That the Directors have selected such accounting policies and applied them consistently and made judgment and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;
3. That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. That the Directors have prepared the annual accounts on a going concern basis;
5. That the Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively; and
6. That the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

15. INVESTOR EDUCATION AND PROTECTION FUND (IEPF)

Pursuant to the provisions of Section 124 of the Act, Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ("IEPF Rules") read with the relevant circulars and amendments thereto, the amount of dividend remaining unpaid or unclaimed for a period of seven years from the due date is required to be transferred to the Investor Education and Protection Fund ("IEPF"), constituted by the Central Government.

During the Year, no amount of dividend was unpaid or unclaimed for a period of seven years and therefore no amount is required to be transferred to Investor Education and Provident Fund under the Section 125(1) and Section 125(2) of the Act.

16. INFORMATION ABOUT THE FINANCIAL PERFORMANCE / FINANCIAL POSITION OF THE SUBSIDIARIES / ASSOCIATES / JOINT VENTURES

Magnatar Aero Systems Private Limited is the wholly owned subsidiary company of Company incorporated on 04.11.2019 and till date there are no operations in the Company.

17. ANNUAL RETURN:

As required pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014, an annual return is disclosed on the website www.mtar.in.

18. BUSINESS RESPONSIBILITY REPORT

As stipulated under Regulation 34 of the Listing Regulations, the Business Responsibility Report describing the initiatives taken by the Company from an environmental, social and governance perspective forms part of this Annual Report and is annexed as Annexure II

19. AUDITORS

a. Statutory Auditors

The members of the Company in accordance with Section 139 of the Companies Act, 2013 have passed a resolution for appointment of M/s. S.R. Batliboi & Associates., (Firm Registration No. 101049W/E300004) as Statutory Auditors of the Company for a period of 5 years in the AGM held on 30.09.2020 to hold office up to the conclusion of 26th Annual General Meeting of the Company to be held in the year 2025-2026.

Statutory Auditors Report

The Board has duly reviewed the Statutory Auditor's Report on the Accounts for the year ended March 31, 2021 and has noted that the same does not have any reservation, qualification or adverse remarks. However, the Board decided to further strengthen the existing system and procedures to meet all kinds of challenges and growth in the coming years.

b. Secretarial Auditor

Pursuant to the provisions of Section 134(3) (f) & Section 204 of the Companies Act, 2013, the Board has appointed M/s. S.S Reddy & Associates, Practicing Company Secretaries has undertaken Secretarial Audit of the Company for financial year ending 31.03.2021. The report of the Secretarial Auditor is enclosed herewith vide Annexure-III of this Report.

Secretarial Audit Report

The Board has duly reviewed the Secretarial Audit Report for the year ended March 31, 2021 on the Compliances according to the provisions of Section 204 of the Companies Act, 2013.

Annual Secretarial Compliance Report

The Company has filed the Annual Secretarial Compliance Report for the year 2020-2021 with the BSE Ltd and National Stock Exchange of India Limited, The report was received from a Practicing Company Secretary and filed within the stipulated time as specified under Regulation 24A of the SEBI (LODR) Regulations.

c. Cost Auditor

Your Company is required to make and maintain cost records as specified by the Central Government under sub-section (1) of section 148 of the Act.

In terms of Section 148 of the Act read with Companies (Cost Records and Audits) Rules, 2014, the Audit Committee recommended and the Board of Directors appointed M/s Sagar & Associates., Cost Accountants, New Delhi (Registration No. 000118) being eligible, as Cost Auditors of the Company, to carry out the cost audit of products included under CTA CODES 7204, 7228, 7326, 7503, 7602, 8108, 8401, 8482, 8483, 8487, 8803 and 9306 in relation to

the financial year ending March 31, 2022. The Company has received their written consent that the appointment is in accordance with the applicable provisions of the Act and rules framed thereunder. The Cost Auditors have confirmed that they are not disqualified to be appointed as the Cost Auditors of the Company for the year ending March 31, 2021.

The remuneration of Cost Auditors has been approved by the Board of Directors on the recommendation of Audit Committee and in terms of the Companies Act, 2013 and Rules thereunder requisite resolution for ratification of remuneration of the Cost Auditors by the members has been set out in the Notice of the 22nd Annual General Meeting of your Company

d. Internal Auditor

The Company has appointed M/s. Seshachalam & Co., Chartered Accountants as Internal Auditors of the Company for the Financial Year 2020-2021.

20. DETAILS IN RESPECT OF FRAUDS REPORTED BY AUDITORS UNDER SUB SECTION (12) OF SECTION 143 OTHER THAN THOSE WHICH ARE REPORTABLE TO THE CENTRAL GOVERNMENT

There have been no frauds reported by the auditor's u/s 143(12).

21. INTERNAL AUDIT AND FINANCIAL CONTROLS

The Company has adequate internal controls consistent with the nature of business and size of the operations, to effectively provide for safety of its assets, reliability of financial transactions with adequate checks and balances, adherence to applicable statutes, accounting policies, approval procedures and to ensure optimum use of available resources. These systems are reviewed and improved on a regular basis. It has a comprehensive budgetary control system to monitor revenue and expenditure against approved budget on an ongoing basis.

22. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

The Company has not given loans, Guarantees or made any investments (except for parking excess funds in FDs with Scheduled banks, as and when required) during the year under review.

23. RELATED PARTY TRANSACTIONS

Our Company has formulated a policy on related party transactions which is also available on Company's website at <https://mtar.in/>. This policy deals with the review and approval of related party transactions.

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. There were no material significant related party transactions made by the Company with the Promoters, Directors, Key Managerial Personnel or the Senior Management which may have a potential conflict with the interest of the Company at large.

Particulars of contracts or arrangements with related parties referred to in Section 188(1) of the Companies Act, 2013 in the

prescribed Form AOC-2 is appended as Annexure IV which forms part of this Report.

All related party transactions were placed before the Audit Committee/Board for approval. Prior approval of the Audit Committee was obtained for the transactions which are foreseen and are in repetitive in nature. Members may refer to note no. 35 to the financial statement which sets out related party disclosures pursuant to IND AS-24.

24. CONSOLIDATED FINANCIAL STATEMENTS

The Consolidated Financial Statements of your Company for the year ended March 31, 2021 have been prepared in accordance with the provisions of Section 129(3) of the Companies Act and applicable Accounting Standards and form part of this report.

Pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with first proviso of Section 129(3) of the Companies Act read with Rule 5 of the Companies (Accounts) Rules, 2014, a separate statement containing salient features of the Financial Statements of Subsidiary Company in Form AOC-1 is appended to this report, which forms part of the Financial Statements. The separate Audited Financial Statements in respect of the Subsidiary are also available on the website of the Company at www.mtar.in.

25. NAMES OF THE COMPANIES WHICH HAVE BECOME OR CEASED TO BE ITS SUBSIDIARIES, JOINT VENTURES OR ASSOCIATE COMPANIES DURING THE YEAR

During the year under review no Company has become or ceased to become its subsidiaries, joint ventures or associate Company.

26. DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The particulars as prescribed under Section 134(3) (m) of the Companies Act, 2013, is provided hereunder:

A. Conservation of Energy:

During the Financial Year 2020-21, your Company strived to imbibe energy conservation principles and initiatives across all its facilities.

The other key initiatives across multiple areas are highlighted below –

HVAC – Your Company has undertaken initiatives such as Installation of VFD with solenoid valves for Compressor cooling water system, AC optimum utilization through installation of timer control units, etc.

Lighting – Similar to last year, your Company has continued the initiative to replace old lighting fittings with new-age energy efficient LED fittings within and outside some of our facilities. The installation of motion sensors at various locations has helped us to reduce the energy consumption at various sites.

Awareness Generation – This included improving awareness amongst employees to switch off major energy consuming equipment or units when idle as well as employing an energy review tool and energy balance tool to identify projects.

Apart from the above initiatives, the company also has a specific conservation of energy policy with SOPs to be followed. It is assured that the same are in place and adequate measures are taken to follow the SOPs.

B. Research & Development and Technology Absorption:

1. Research and Development (R&D): NIL
2. Technology absorption, adoption and innovation: NIL

C. Foreign Exchange Earnings and Out Go:

Foreign Exchange Earnings: 1248.87 Rs. Mn

Foreign Exchange Outgo: 596.03 Rs. Mn

27. COMMITTEES

(I). AUDIT COMMITTEE

During the year, the Audit Committee was constituted by a resolution of our Board dated December 05, 2020 and is in line with the provisions of Regulation 18(1) of SEBI (LODR) Regulations with the Stock Exchanges read with Section 177 of the Companies Act, 2013 are included in the Corporate Governance report, which forms part of this report. During the year, all recommendations of Audit Committee were approved by the Board of Directors.

(II). NOMINATION AND REMUNERATION COMMITTEE

During the year, the Nomination and Remuneration Committee of the Company was constituted by a resolution of our Board dated December 05, 2020 and is in line with the provisions of Regulation 19(1) of SEBI (LODR) Regulations with the Stock Exchanges read with Section 178 of the Companies Act, 2013 are included in the Corporate Governance report, which forms part of this report.

(III). STAKEHOLDERS RELATIONSHIP COMMITTEE

During the year, the Stakeholders Relationship Committee of the Company was constituted by a resolution of our Board dated December 05, 2020 and is in line with the provisions of Regulation 20 of SEBI (LODR) Regulations with the Stock Exchanges read with Section 178 of the Companies Act, 2013 are included in the Corporate Governance report, which forms part of this report.

(IV). RISK MANAGEMENT COMMITTEE

The Company had been undertaking the activity of identifying key business and sustainability risks and taking actions to mitigate such risks from time to time. The matters related to risks and their management has been shared with the Board of Directors from time to time. However, a structured process is now felt necessary in the light of global sustainability risks faced by all businesses in the light of the challenges that have unfolded over the last 15 months. The Company has put in place a Risk management Policy and has constituted a Risk Management Committee of the Board. The details of constitution of the Committee and its terms of reference are set out in the Report on Corporate Governance. The Company has formulated

a Risk Management Policy under which various risks associated with the business operations is identified and risk mitigation plans have been put in place.

(V) IPO COMMITTEE

The Company has constituted an IPO Committee. The details of constitution of the Committee are as follows:

Name	Designation
P. Srinivas Reddy	Executive Director
G.V Satish Kumar Reddy	Non-Executive & Non-Independent Director
Mathew Cyriac	Non-Executive & Nominee Director
A. Praveen Kumar Reddy	Non-Executive & Non-Independent Director

(VI) CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The brief outline of the corporate social responsibility (CSR) policy of the Company and the initiatives undertaken by the Company on CSR activities during the year are set out in Annexure V of this report in the format prescribed in the Companies (Corporate Social Responsibility Policy) Rules, 2014. For other details regarding the CSR Committee, please refer to the Corporate Governance Report, which is a part of this report. This Policy is available on the Company's website www.mtar.in.

During the year, the Company has reconstituted a Corporate Social Responsibility Committee pursuant to a resolution passed in a Board meeting held on 05.12.2020. The composition of Committee is as follows:

Name	Designation
G.V Satish Kumar Reddy	Non-Executive & Non-Independent Director
V.G. Sekaran	Non-Executive & Independent Director
U.C Muktibodh	Non-Executive & Independent Director

(VII) SHARE ALLOTMENT COMMITTEE

The Company has constituted a Share Allotment Committee. The details of composition of committee is as follows:

Name	Designation
P. Srinivas Reddy	Executive Director
G.V Satish Kumar Reddy	Non-Executive & Non-Independent Director
Mathew Cyriac	Non-Executive & Nominee Director
A. Praveen Kumar Reddy	Non-Executive & Non-Independent Director
K. Krishna Aravamudan	Non-Executive & Non-Independent Director

28. VIGIL MECHANISM/WHISTLE BLOWER POLICY

In pursuant to the provisions of Section 177(9) & (10) of the Companies Act, 2013 read with Regulation 22 of SEBI (LODR) Regulations, 2015, a vigil Mechanism for Directors and employees to report genuine concerns has been established. It also provides for necessary safeguards for protection against victimization for whistle blowing in good faith.

Vigil Mechanism Policy has been established by the Company for directors and employees to report genuine concerns pursuant to the provisions of section 177(9) & (10) of the Companies Act, 2013. The same has been placed on the website of the Company.

29. CORPORATE SOCIAL RESPONSIBILITY (CSR, COMPOSITION OF CSR COMMITTEE AND CONTENTS OF CSR POLICY)

The company has attracted the provisions of Corporate Social Responsibility u/s 135 of Companies Act, 2013 based on the net profit of the company being more than Rs. 5.00 Cr in financial year 2019-2020. The company has formed the CSR committee to foresee the CSR activities, adopted the CSR policy and also created a separate bank account exclusively for CSR. The Corporate Social Responsibility Report is enclosed as Annexure V.

In terms of Section 135 of the Companies Act, 2013 read with Companies (Corporate Social Responsibility Policy) Rules, 2014 as amended ("CSR Rules") and in accordance with the CSR Policy, during the financial year 2020-2021, your Company has spent Rs. 68,63,155/- (representing 2 % of the average net profit for the past the three financial years, being FY 2018, FY 2019 and FY 2020). Areas of Activities taken by the Company are Education, Child Care Centres, Blood Donations and collections.

The excess amount of approximately Rs. 2.00 Lacs spent during the FY 2020-2021 will be set off against the CSR amount to be spent in the subsequent Financial Years.

30. PUBLIC DEPOSITS

Your Company has not accepted any deposits falling within the meaning of Sec.73, 74 & 76 of the Companies Act, 2013 read with the Rule 8(v) of Companies (Accounts) Rules 2014, during the financial year under review.

31. SIGNIFICANT & MATERIAL ORDERS PASSED BY COURTS / REGULATORS / TRIBUNALS

There are no significant and material orders passed by the regulators /courts that would impact the going concern status of the Company and its future operations. However, the company has filed two compounding Applications under sections 203 and 68 of the Companies Act, 2013 and the orders from the Hon'ble Regional Director/ Registrar of Companies, Ministry of Corporate Affairs are awaited.

32. DISCLOSURE OF ADEQUACY OF INTERNAL FINANCIAL CONTROLS

The Internal Financial Controls with reference to financial statements as designed and implemented by the Company are adequate. The Company maintains appropriate system of internal control, including monitoring procedures, to ensure that all assets are safeguarded against loss from unauthorized use or

disposition. Company policies, guidelines and procedures provide for adequate checks and balances, and are meant to ensure that all transactions are authorized, recorded and reported correctly.

During the period under review, there is no material or serious observations have been noticed for inefficiency or inadequacy of such controls.

Further, details of internal financial control and its adequacy are included in the Management Discussion and Analysis Report that forms part of this Report.

33. INSURANCE

The properties and assets of your Company are adequately insured.

34. CREDIT & GUARANTEE FACILITIES

The Company has availed Working Capital facilities and Term Loan from HDFC Bank and State Bank of India.

35. RISK MANAGEMENT POLICY

Business Risk Evaluation and Management is an ongoing process within the Organization. The Company has a robust risk management framework to identify, monitor and minimize risks and also to identify business opportunities. As a process, the risks associated with the business are identified and prioritized based on severity, likelihood and effectiveness of current detection. Such risks are reviewed by the senior management on a quarterly basis.

Risk Management Committee of the Board of Directors of your Company assists the Board in (a) overseeing and approving the Company's enterprise wide risk management framework; and (b) overseeing that all the risks that the organization faces such as strategic, financial, credit, market, liquidity, security, property, IT, legal, regulatory, reputational, other risks have been identified and assessed, and there is an adequate risk management infrastructure in place capable of addressing those risks. The development and implementation of risk management policy has been covered in the Management Discussion and Analysis, which forms part of this Report.

36. SHARE CAPITAL

The authorized share capital of the Company stands at Rs. 66,00,00,000/- divided into 6,60,00,000 equity shares of Rs. 10/- each.

The paid up share capital of the Company stands at Rs. 30,75,95,910/- divided into 3,07,59,591 equity shares of Rs. 10/- each.

37. CORPORATE GOVERNANCE AND SHAREHOLDERS INFORMATION:

The Company has implemented all of its major stipulations as applicable to the Company. As stipulated under Regulation 34 read with schedule V of SEBI (LODR) Regulations, 2015, a report on Corporate Governance duly audited is appended as Annexure VII for information of the Members. A requisite certificate from the Secretarial Auditors of the Company confirming compliance with the conditions of Corporate Governance is attached to the Report on Corporate Governance.

38. MANAGEMENT DISCUSSIONS AND ANALYSIS REPORT:

The Management Discussion and Analysis Report, pursuant to the SEBI (LODR) Regulation provides an overview of the affairs of the Company, its legal status and autonomy, business environment, mission & objectives, sectoral and segment-wise operational performance, strengths, opportunities, constraints, strategy and risks and concerns, as well as human resource and internal control systems forms a part of this report for information of the members.

39. POLICIES:

The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 mandated the formulation of certain policies for all listed companies. All the policies are available on our website <https://mtar.in/investor-relations/corporate-governance/policies-related-documents/>.

40. ENVIRONMENTS AND HUMAN RESOURCE DEVELOPMENT:

Your Company always believes in keeping the environment pollution free and is fully committed to its social responsibility. The Company has been taking utmost care in complying with all pollution control measures from time to time strictly as per the directions of the Government.

We would like to place on record our appreciation for the efforts made by the management and the keen interest shown by the Employees of your Company in this regard.

41. STATUTORY COMPLIANCE:

The Company has complied with the required provisions relating to statutory compliance with regard to the affairs of the Company in all respects.

42. DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Company has in place an Anti-Sexual Harassment Policy in line with the requirements of The Sexual Harassment of Women at workplace (Prevention, Prohibition and Redressal) Act, 2013. Internal Complaint Committee (ICC) has been set up to redress complaints received regarding sexual harassment.

Constitution of Committee:

Name	Designation
K. Aruna Kumari	Presiding Officer
Pusparaj Satpathy	Member
J. Srilekha	Member
Dasari Palla Joji	External Member

All employees are covered under this policy. During the year 2020-2021, there were no complaints received by the Committee.

43. STATEMENT SHOWING THE NAMES OF THE TOP TEN EMPLOYEES IN TERMS OF REMUNERATION DRAWN AND THE NAME OF EVERY EMPLOYEE AS PER RULE 5(2) & (3) OF

THE COMPANIES (APPOINTMENT & REMUNERATION) RULES, 2014:

A table containing the particulars in accordance with the provisions of Section 197(12) of the Act, read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is appended as Annexure VIII(a) to this Report.

A statement showing the names of the top ten employees in terms of remuneration drawn and the name of every employee is annexed to this Annual report as Annexure VIII(b).

During the year, NONE of the employees is drawing a remuneration of Rs. 1,02,00,000/- and above per annum or Rs. 8,50,000/- and above in aggregate per month, the limits specified under the Section 197(12) of the Companies Act, 2013 read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

44. RATIO OF REMUNERATION TO EACH DIRECTOR

Under section 197(12) of the Companies Act, 2013, and Rule 5(1) (2) & (3) of the Companies (Appointment & Remuneration) Rules, 2014 read with Schedule V of the Companies Act, 2013 the ratio of remuneration of Managing Director (Mr. P Srinivas Reddy), Managing Director of the Company to the median remuneration of the employees is 1:0.06 respectively.

45. CODE OF CONDUCT COMPLIANCE:

All Members of the Board and Senior Management have affirmed compliance to the Code of Conduct for the Financial Year 2020-21. A declaration signed by the Managing Director affirming compliance with the Company's Code of Conduct by the Board of Directors and Senior Management for the Financial Year 2020-21 as required under Regulation 26(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is included in the Corporate Governance Report which is appended as Annexure 'VIII' and forms part of this Report.

46. MECHANISM FOR EVALUATION OF THE BOARD

Evaluation of all Board members is performed on an annual basis. The evaluation is performed by the Board, Nomination and Remuneration Committee and Independent Directors with specific focus on the performance and effective functioning of the Board and Individual Directors.

In line with Securities and Exchange Board of India Circular No. SEBI/HO/CFD/CMD/CIR/P/2017/004, dated January 5, 2017 and the Companies Amendment Act, 2017 the Company adopted the recommended criteria by Securities and Exchange Board of India.

The criteria for performance evaluation covers the areas relevant to the functioning of the Board and Board Committees such as its composition, oversight and effectiveness, performance, skills and structure etc.

At the Independent Directors meeting held on 27.03.2021, the Directors were of the view that a detailed evaluation of the performance of the Directors, committees of the Board and Board

as whole will be conducted after expiry of six months of Financial Year 2021-2022 as the Board of the Company was recently reconstituted for the purpose of Initial Public Offer.

47. SECRETARIAL STANDARDS

The Company is in compliance with the applicable secretarial standards.

48. EVENT BASED DISCLOSURES

During the year under review, the Company has not taken up any of the following activities except as mentioned:

1. Issue of sweat equity share: NA
2. Issue of shares with differential rights: NA
3. Issue of shares under employee's stock option scheme: NA
4. Disclosure on purchase by Company or giving of loans by it for purchase of its shares: NA
5. Buy back shares: NA
6. Disclosure about revision: NA
7. Preferential Allotment of Shares: The Company has allotted 18,51,851 Equity Shares to SBI Funds and Axis Mutual Funds.

49. CORPORATE INSOLVENCY RESOLUTION PROCESS INITIATED UNDER THE INSOLVENCY AND BANKRUPTCY CODE, 2016 (IBC):

There is no application filed for corporate insolvency resolution process, by a financial or operational creditor or by the company itself under the IBC before the NCLT.

50. CEO/ CFO CERTIFICATION:

The Managing Director cum CEO and CFO certification of the financial statements for the year 2020-2021 is annexed in this Annual Report as Annexure IX.

51. CREDIT RATING:

The Company enjoys a credit rating of BBB+ (Stable) for long-term fundbased / cash credit facilities, long-term fund-based term loans, and long-term unallocated facilities and a credit rating of BBB+ (Stable) / A2 for long-term / short term non-fund-based facilities from ICRA.

The Company enjoys a long-term credit rating of BBB+ / Stable and short-term credit rating of 'A2' from CRISIL. The rated instrument reflects strong degree of safety and lowest credit risk

52. ACKNOWLEDGEMENTS:

Your Directors wish to place on record their appreciation of the contribution made by the employees at all levels, to the continued growth and prosperity of your Company. Your Directors also wish to place on record their appreciation of business constituents, banks and other financial institutions and shareholders of the Company for their continued support for the growth of the Company.

**For and on behalf of the Board of
For MTAR Technologies Limited**

Subbu Venkata Rama Behara
Chairman
(DIN: 00289721)

Parvat Srinivas Reddy
Managing Director
(DIN: 00359139)

Place: Hyderabad
Date: 02.06.2021

ANNEXURE I

Dividend Distribution Policy

INTRODUCTION

The Board of Directors (the "Board") of MTAR Technologies Limited ("MTAR" or the "Company") understands the importance of shareholders' confidence and trust in the Company. In order to preserve the same with transparency and to ensure that there is no conflict of interest or any apprehension in the minds of its shareholders, the Board of the Company, has adopted the Dividend Distribution Policy ("Policy") and procedures with respect to Dividends declared/ recommended by the Company in accordance with the provisions of Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") as amended from time to time.

Since MTAR is amongst the top five hundred listed entities as per the market capitalization criteria as on March 31, 2021, a dividend distribution policy has been formulated with the approval of the Board.

This policy lays down the general framework for considering and deciding the distribution of dividend to the Company's shareholders and/or retaining of earnings for sustained growth.

PURPOSE

The purpose of this Policy is to facilitate the process of dividend recommendation or declaration and its pay-out by the Company which would ensure a regular dividend income for the shareholders and long term capital appreciation for all stakeholders of the Company.

Dividend is the payment made by a Company to its shareholders, usually in the form of distribution of its profits. The profits earned by the Company can either be retained in business or used for acquisitions, expansion or diversification, or it can be distributed to the shareholders. The Company may choose to retain a part of its profits and distribute the balance among its shareholders as dividend.

The Company would ensure to strike the right balance between the quantum of dividend paid and amount of profits retained in the business. The Board will refer to the Policy while declaring/ recommending dividends on behalf of the Company.

AUTHORITY

This Policy has been adopted by the Board of the Company at its Meeting held on June 02, 2021. The Policy shall also be displayed in the Annual Report and also on the website of the Company.

FORMS OF DIVIDENDS

- Interim Dividend

The interim dividend may be declared by the Board one or more times in the financial year as may be deemed fit.

- Final Dividend

The final dividend is paid once for the financial year after the

annual accounts are prepared. The Board of Directors of the Company has the power to recommend the payment of final dividend to the shareholders for their approval at the Annual General Meeting of the Company. The declaration of final dividend shall be included in the ordinary business items that are required to be transacted at the Annual General Meeting.

- Special Dividend

The Board may declare/recommend special dividend as and when it deems fit.

PER SHARE BASIS

The dividend will be declared on per share basis only.

DIVIDEND DISTRIBUTION

The Board of Directors shall endeavour to take a decision for Dividend Distribution with an objective to enhance shareholders value. However, the decision regarding pay-out is subject to several parameters which form part of this Policy.

The Dividend once declared or approved will be paid/ distributed within the statutory period permitted by law.

DECLARATION OF DIVIDEND

Dividend shall be declared or paid only out of –

- 1) Current financial year's profit:
 - a. after providing for depreciation in accordance with law;
 - b. after transferring to reserves such amount as may be prescribed or as may be otherwise considered appropriate by the Board at its discretion and as per applicable law.

Or

- 2) The profits for any previous financial year(s) after providing for depreciation in accordance with law and remaining undistributed;

Or

- 3) Out of 1) & 2) both.

In case of inadequacy or absence of profits in any financial year, the Company may also declare/ pay Dividend out of the accumulated profits earned by it in previous years and transferred by the Company to the reserves, provided such declaration/ payment of dividend shall be made only in accordance with the provisions of the Companies Act, 2013 and rules specified therein.

FINANCIAL PARAMETERS CONSIDERED WHILE DECLARING DIVIDEND

The financial parameters that may be considered before declaring dividend are profitability, cash flow and future growth and profitability outlook of the company.

CIRCUMSTANCES UNDER WHICH SHAREHOLDERS MAY NOT EXPECT DIVIDEND/ OR WHEN THE DIVIDEND COULD NOT BE DECLARED BY THE COMPANY SHALL BE FOR THE REASONS STATED HEREIN, BUT ARE NOT LIMITED TO, THE FOLLOWING REASONS ONLY.

- a. Due to operation of any other law in force;
- b. Due to losses incurred by the Company and the Board considers it appropriate not to declare dividend for any particular year;
- c. Due to any restrictions and covenants contained in any agreement as may be entered with the Lenders;
- d. Uncertainty of the earnings/ financial results of the Company; and
- e. The availability of opportunities for reinvestments of surplus funds;
- f. Any other corporate action resulting in cash outflow

FACTORS AFFECTING DIVIDEND DECLARATION:

- a) External Factors to be considered while recommending/ declaring dividend
 - Any significant changes in macro-economic environment affecting India or the geographies in which the Company operates, or the business of the Company or of its clients;
 - Any political, tax and regulatory changes in the geographies in which the Company operates;
 - Any significant change in the business or technological environment resulting in the Company making significant investments to effect the necessary changes to its business model;
 - Any changes in the competitive environment requiring significant investment.
- b) Internal Factors to be considered while recommending/ declaring dividend

Apart from the various external factors, the Board shall take into account various internal factors including the financial parameters while declaring dividend, which inter alia will include:

- Expected cash requirements of the Company including working capital, capital expenditure

- Quarterly and Annual results
 - Investments including Mergers and Acquisitions (M&A)
 - Free cash flow generation
 - Buy-back of shares
 - Funds required to service any outstanding loans;
- c) Retained Earnings
Retained earnings would be used to further the company's business priorities. If there are excess reserves beyond the medium to long term business requirements, the retained earnings would be distributed to shareholders via Dividends or other means as permitted by applicable regulations.
 - d) Parameters that shall be adopted with regard to various classes of shares

Currently, the Company does not have different classes of shares and follows the 'one share, one vote' principle. If the Company has more than one class of shares in future, dividend for each class would be subject to prescribed statutory guidelines as well as terms of offer of each class to the investors of that class of shares.

AMOUNT OF DIVIDEND

The company would endeavor to maintain a total dividend payout ratio not exceeding 35% of the annual standalone net profits of the company (profit after tax) determined in accordance with financial statements prepared under Indian Account Standards.

REVIEW, INTERPRETATION & AMENDMENT

Any word used in this Policy shall have the same meaning as defined under the Companies Act, 2013, SEBI LODR Regulations and any other applicable statutory regulations.

This Policy may be reviewed and amended periodically as and when required by the Board to ensure that it meets the objectives of the relevant legislation and needs of the Company and remains effective. The Board has the right to change/ amend the policy as may be expedient taking into account the law for the time being in force.

In the event of any amendment(s), clarification(s), circular(s), provision(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then the same shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly.

ANNEXURE II

Business Responsibility Report

[See Regulation 34(2)(f)]

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1. Corporate Identity Number (CIN) of the Company: L72200TG1999PLC032836
2. Name of the Company: MTAR TECHNOLOGIES LIMITED
3. Registered address: 18, Technocrats Industrial Estate, Balanagar, Hyderabad, Telangana-500037
4. Website: www.mtar.in
5. E-mail id: info@mtar.in
6. Financial Year reported: 2020-2021
7. Sector(s) that the Company is engaged in (industrial activity code-wise): NIC Code - 30305
8. List three key products/services that the Company manufactures/provides(as in balance sheet):

The Company offers products and customized precision engineering solutions and caters to customers in strategic sectors including Civil Nuclear Power, Space & Defence and Clean energy. The company is a one stop solution for all manufacturing processes such as advanced machining, specialized fabrication, assembly and testing, surface treatment and special processes. The following are key products/services provided by the company

- i.) Precision and high-performance systems and assemblies with applications in propulsion, energy conversion, sensing and controlling mechanisms
 - ii.) Precision Engineered components
 - iii.) High capability Manufacturing services like surface treatment, heat treatment, fabrication etc.
9. Total number of locations where business activity is undertaken by the Company
 - (a) Number of International Locations (Provide details of major 5) – None
 - (b) Number of National Locations:

S. No	Name of the Unit	Address
1.	Unit - 1	18, Technocrats Industrial Estate, Balanagar, Hyderabad - 500037 Telangana
2.	Unit - 2	Survey No. 149/P, IDA, Jagadgirigutta Road, Gandhinagar, Hyderabad-500037, Telangana
3.	Unit - 3	Plot No. 97 & 100A, Co-operative Industrial Estate, (E.P), Gandhinagar, Hyderabad – 500037, Telangana.
4.	Unit - 4	B-34, EEIE, Balanagar Township, Hyderabad – 500037, Telangana.
5.	Unit - 5	58/C, PHASE-1, IDA JEEDMETLA, Hyderabad – 500055, Telangana.
6.	EOU	Jagadgiri Gutta Road, Gandhinagar, Balanagar, Hyderabad 500 037, Telangana, India.
7.	Unit - 6	Plot No. 1B Sy No.656/A Samuha Aero Space Park, Adibatla, Hyderabad

10. Markets served by the Company – Local, State, National and International

SECTION B: FINANCIAL DETAILS OF THE COMPANY

1. Paid up Capital (Rs.) - Rs. 30,75,95,910/- divided into 3,07,59,591 equity shares of Rs. 10/- each.
2. Total Turnover (Rs.) – Rs. 2464.32 Mn
3. Total profit after taxes (Rs.) - Rs. 460.83 Mn
4. Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%) – Around 2% has been spent in respect of FY 18, FY 19 and FY 20. We will deploy around 2% of the Net Profit for FY 2020-21 also in CSR activities.
5. List of activities in which expenditure in 4 above has been incurred:-
 - (a) Education
 - (b) Healthcare and Society Welfare

SECTION C: OTHER DETAILS

1. Does the Company have any Subsidiary Company/ Companies? : Yes
2. Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s): No. The subsidiary company is not yet operational.
3. Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%] : No

SECTION D: BR INFORMATION:

1. Details of Director/Directors responsible for BR
 - (a) Details of the Director/Director responsible for implementation of the BR policy/policies
 1. DIN Number : 00359139
 2. Name : P. Srinivas Reddy
 3. Designation : Managing Director
 - (b) Details of the BR head

No.	Particulars	Details
1	DIN Number (if applicable)	00359139
2	Name	P. Srinivas Reddy
3	Designation	Managing Director
4	Telephone number	040 - 44553333
5	e-mail id	srinivas@mtar.in

2. Principle-wise (as per NVGs) BR Policy/policies

a) Details of compliance (Reply in Y/N): Yes

No.	Questions	P1 Ethics	P2 Product Lifecycle sustainability	P3 Employee Wellbeing	P4 Stakeholder Engagement	P5 Human Rights	P6 Environment	P7 Policy Advocacy	P8 Equitable Develop- ment	P9 Customer Value
1	Do you have a policy/ policies for....	Yes, it has been comprehensively covered under the code of conduct.	Yes. The Environment, Occupational Health and Safety (EOHS) policy addresses product life cycle sustainability	Yes. Our code of conduct and The Environment, Occupational Health and Safety (EOHS) addresses Employee wellbeing	Yes. Our Environment, Occupational Health and Safety policy addresses stakeholder engagement	Yes	Yes	Not applicable	Yes.	Our Environment, Occupational Health and Safety policy, ethics and code of conduct cover this
2	Has the policy being formulated in consultation with the relevant stakeholders?	Yes	Yes	Yes	Yes	Yes	Yes	Not applicable	Yes	Yes
3	Does the policy conform to any national / international standards? If yes, specify? (50 words)	We have adopted a code of conduct policy which covers all the stakeholders and conforms to international and national standards	We benchmark with industry practices at national and global levels.	We abide by all the labour laws in India	We benchmark with industry practices at national and global levels.	We conform to national and global standards	The policy is in line with the national standards	Not applicable	The policy is in line with the national standards	We conform to national and global standards
4	Has the policy being approved by the Board? If yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director?	Policies mandated by statutory requirements are approved by the Board. All other policies are approved by the MD of the company.	Policies mandated by statutory requirements are approved by the Board. All other policies are approved by the MD of the company.	Policies mandated by statutory requirements are approved by the Board. All other policies are approved by the MD of the company.	Policies mandated by statutory requirements are approved by the Board. All other policies are approved by the MD of the company.	Policies mandated by statutory requirements are approved by the Board. All other policies are approved by the MD of the company.	Policies mandated by statutory requirements are approved by the Board. All other policies are approved by the MD of the company.	Not applicable	Policies mandated by statutory requirements are approved by the Board. All other policies are approved by the MD of the company.	Policies mandated by statutory requirements are approved by the Board. All other policies are approved by the MD of the company.
5	Does the company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?	Yes. The responsibility lies with the MD of the company	Yes. The responsibility lies with the MD of the company	Yes. The responsibility lies with the MD of the company	Yes. The responsibility lies with the MD of the company	Yes. The responsibility lies with the MD of the company	Yes. The responsibility lies with the MD of the company	Not applicable	Yes. The responsibility lies with the MD of the company	Yes. The responsibility lies with the MD of the company
6	Indicate the link for the policy to be viewed online?	www.mtar.in	www.mtar.in	www.mtar.in	www.mtar.in	www.mtar.in	www.mtar.in	Not applicable	www.mtar.in	www.mtar.in
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Yes. All the policies are uploaded on website	Yes. All the policies are uploaded on website	Yes. All the policies are uploaded on website	Yes. All the policies are uploaded on website	Yes. All the policies are uploaded on website	Yes. All the policies are uploaded on website	No	Yes. All the policies are uploaded on website	Yes. All the policies are uploaded on website

No.	Questions	P1 Ethics	P2 Product Lifecycle sustainability	P3 Employee Wellbeing	P4 Stakeholder Engagement	P5 Human Rights	P6 Environment	P7 Policy Advocacy	P8 Equitable Develop- ment	P9 Customer Value
8	Does the company have in-house Structure to implement the policy/ policies.	Yes	Yes	Yes	Yes	Yes	Yes	Not Applicable	Yes	Yes
9	Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies?	Yes	Yes. The Co. has a dedicated officer i.e, Company Secretary and Compliance Officer	Yes	Yes. The Co. has a dedicated officer i.e, Company Secretary and Compliance Officer	Yes	Yes	Not Applicable	Yes	Yes. The Co. has a dedicated officer i.e, Company Secretary and Compliance Officer
10.	Has the company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	No	No	No	No	No	No	Not Applicable	No	No

b. If answer to the question at serial number 1 against any principle, is 'No', please explain why: (Tick up to 2 options) : Not Applicable

No	Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
1	The company has not understood the Principles									
2	The company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles									
3	The company does not have financial or manpower resources available for the task									
4	It is planned to be done within next 6 Months									
5	It is planned to be done within the next 1 year									
6	Any other reason (please specify)									

1. Governance related to BR:

- (a) Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company: **Annually**
- (b) Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?: **The BR report forms part of the Annual Report of the Company which is published annually and it can be viewed on www.mtar.in**

SECTION E: PRINCIPLE-WISE PERFORMANCE

Principle 1 – Ethics, Transparency & Accountability

1. Does the policy relating to ethics, bribery and corruption cover only the company? Yes/ No. Does it extend to the Group/Joint Ventures/ Suppliers/Contractors/NGOs / Others?

Yes. The Code of Conduct of the company which enshrines policies relating to ethics, bribery and corruption covers our employees and all stakeholders including board of directors, our wholly owned subsidiary, suppliers, contractors and business partners.

2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.

We interact with relevant stakeholders including customers and suppliers regularly to address any concerns. We have not received any complaints related to ethics, bribery or corruption from any stakeholders in the last financial year.

Principle 2 – Product Lifecycle Sustainability

1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.

- (a) Bloom SOFC and Hydrogen units
- (b) Ball Screws
- (c) Water Lubricated Bearings

2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):

- (a) Reduction during sourcing/production/ distribution achieved since the previous year throughout the value chain:

Bloom Hot Boxes

We supply SOFC hot boxes (power units) for Fuel cell applications to Bloom Energy USA. Fuel cells generate power from Methane. This source has 66.66% less carbon footprint compared to thermal power plants.

We have also adopted lean methodology that resulted in savings in terms of raw material, and energy consumption. Also, we have indigenized fins which we were previously importing from Japan. This has led to reduction in transportation and shipping, thus reducing our carbon footprint.

Recently we have developed prototypes for Hydrogen boxes and electrolyzers in collaboration with Bloom Energy. Hydrogen boxes use hydrogen to generate power that contribute to further reductions in emissions as compared to SOFC units. We have developed a prototype

of Electrolyzers in collaboration with Bloom Energy that produce green hydrogen from steam. In addition, during the manufacturing of SOFC and hydrogen units we are recruiting apprentices from local colleges and training them on various manufacturing technologies, and absorbing some of them post the training, thereby contributing to the development of local skilled talent during our product lifecycle

Ball Screws

MTAR has indigenized Ball Screws that find application in diverse sectors such as Civil Nuclear Power, Defence and Space. Over the years we have achieved a significant product cycle time reductions in the entire manufacturing process by process improvements which has resulted in energy as well as resource savings. Further, till date MTAR is the sole supplier of customized precision ball screws in India, eliminating the need for organizations of national strategic importance such as NPCIL, ISRO to import the same; thereby reducing their project timelines as well as preventing emissions through shipments.

Water Lubricated Bearings

MTAR has indigenized Water Lubricated Bearings used in Pressurized Heavy Water Nuclear Reactors in Civil Nuclear power. Over the years we have achieved a significant product cycle time reduction through process improvements that have resulted in reduced energy savings as well as resource consumption. MTAR continues to be the sole supplier of WLBs to NPCIL, thereby preventing the emissions through shipments because of import of the products.

- (b) Reduction during usage by consumers (energy, water) has been achieved since the previous year?

Not applicable

3. Does the company have procedures in place for sustainable sourcing (including transportation)?

- (a) If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.

We have always emphasized on sustainable sourcing and ensured more than 95% of the raw materials and finished goods shipments are through sea with very minimal requirement of air shipments that reduces emissions. In addition, as a standard operating procedure, our supply chain team practices volume consolidation to import multiple raw material in a single shipment. Lead time and minimum order quantities are evaluated well in advance in order to minimize the number of shipments and get the shipments through sea. We also try and reuse transportation containers for up to 5 to 10 shipments so as to minimize the requirement for containers.

Assisting vendors to get qualified:

We are also assisting vendors to get qualified as customers have stringent quality requirements in the sectors we operate

in. Our supply chain teams visit vendors and train them in the manufacturing processes, quality related issues as well as sustainable practices on a regular basis.

4. Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work?

(a) If yes, what steps have been taken to improve their capacity and capability of local and small vendors?

We procure substantial input materials and services from local & small producers including communities surrounding our place of work. More than 50% domestic material procurement is from small and local producers. Also, we take all the necessary steps to improve their capacity and capability by helping them meet the qualification criteria as per prescribed quality standards and support them in improving their capabilities as per our customer as well as our policy requirements.

5. Does the company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.

We dispose most of our waste which comes in the form of metal shavings and machining scrap to vendors who then re-melt the same for re-use, thereby leading to conservation of natural resources. Also, our products are transported in biodegradable plywood cartons that are re-usable.

Principle 3 – Employee Wellbeing

Employee Wellbeing is covered under the Company's policies relating to the Code of Conduct, EOHS as well as Human Rights and treating employees fairly is central to the MTAR value system. We do not employ any child labour and have a structured redressal system for addressing employee harassment including sexual harassment.

1. Please indicate the Total number of employees: **1176 (Excluding Contractual Employees)**
2. Please indicate the Total number of employees hired on temporary/contractual/casual basis: **277 Employees**
3. Please indicate the Number of permanent women employees: **09 Employees**
4. Please indicate the Number of permanent employees with disabilities: **Nil**
5. Do you have an employee association that is recognized by management: **Yes. We have a Workers Union, duly recognized by the Management.**
6. What percentage of your permanent employees is members of this recognized employee association? **46.93%**
7. Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year. **NIL**

No	Category	No of complaints filed during the financial year	No of complaints pending as on end of the financial year
1	Child labour/ forced labour/ involuntary labour	NIL	NIL
2	Sexual harassment	NIL	NIL
3	Discriminatory employment	NIL	NIL

8. What percentage of your under mentioned employees were given safety & skill up- gradation training in the last year?

- | | |
|--|-------|
| (a) Permanent Employees | : 65% |
| (b) Permanent Women Employees | : 90% |
| (c) Casual/Temporary/Contractual Employees | : 72% |
| (d) Employees with Disabilities | : NA |

Principle 4 – Stakeholder Engagement

1. Has the company mapped its internal and external stakeholders? Yes/No

Yes, we have mapped our internal and external stakeholders.

2. Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders.

Yes, we have identified disadvantaged, vulnerable and marginalized stakeholders and the Company has also initiated certain interventions for them.

3. Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so, provide details thereof, in about 50 words or so.

We believe businesses must enhance their capabilities to fulfill stakeholder aspirations through greater engagement. We strive to build lasting bonds with all our stakeholders and protect their interests, especially disadvantaged and vulnerable stakeholders including kin of deceased employees, women employees, Covid affected / the sick and ailing, economically disadvantaged students to name a few. Below table gives detailed engagement for each group :

Key Stakeholders	Engagement Platforms
Employees	
Employees are the key drivers of growth in our organisation and we believe that our employees are an inclusive, and empowering workplace, with freedom to innovate and grow not just as professionals but as individuals also.	MD/CEO communications, Communication and Training Sessions with Unit Heads, Training Programs, employee-centric initiatives like COVID vaccination etc. We have planned to take up more employee welfare initiatives in FY 2021-22

Key Stakeholders	Engagement Platforms
<p>Investors</p> <p>We understand that our investors and shareholders are not only investing financial capital but also their trust in us. Accordingly, adding investor / shareholder value is one of our key objectives.</p>	<p>Monthly board MIS prior to listing, E mail Communications, Annual reports, Analyst meets post listing, official news releases and presentations.</p> <p>Upcoming: Quarterly results, earnings calls</p>
<p>Society</p> <p>Communities, especially the economically weaker sections of society, the sick and ailing, young disadvantaged students etc.</p>	<p>We are contributing to childcare, education and health through our partners like St. Jude Children Cancer hospital, Red Cross, Teach for India and GiveRed and we have initiated the relationship building programs. In addition, we recruit apprentices from college and train them on various manufacturing technologies and we carry out relationship building programs through colleges</p>
<p>Customer and Partners</p> <p>Customers, suppliers and vendors who support various aspects of our business</p>	<p>Customers: Regular Business Meetings</p> <p>Suppliers and Vendors: Vendor and supplier in-person meets, strategic business partner training and development</p>

Principle 5 – Employee Wellbeing

1. Does the policy of the company on human rights cover only the company or extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?

The policy on human rights covers all stakeholders.

2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?

We have not received any stakeholder complaints in FY 2020-21 except a few complaints that were received from the shareholders relating to the Initial Public Offer (IPO) which were addressed and resolved.

Principle 6 – Environment

1. Does the policy related to Principle 6 cover only the company or extends to the Group/Joint Ventures/Suppliers/Contractors/NGOs/others.

We have a well-defined Environment, Occupational Health and Safety Policy in place and the same covers all stakeholders.

2. Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc.

Yes. Environment has always been a key focus for the Company. Our strategy to address global environmental issues encompasses products, processes and systems that contribute to the reduction of global carbon emissions. Our Environment, Health and Safety Policy and Energy Conservation Policy together address global environmental concerns. We believe in continuous improvement in this aspect and aim to be a 100% ESG compliant company. The policies have been communicated to our stakeholders and are available on our website.

Products

We supply SOFC hot boxes for fuel cells to Bloom Energy that use methane to generate electricity and this process generates 66.6% less carbon emissions as compared to conventional thermal power plants. We have also recently developed hydrogen boxes that take hydrogen as input to generate power in collaboration with Bloom Energy and the power generation process is completely carbon neutral. Electrolyzers developed by us in collaboration with Bloom Energy generate green hydrogen from steam. More than 50% of our revenues are derived from Clean Energy. Going forward we want to increase our wallet share from existing clients in Clean Energy and add new clients in Clean Energy, thereby contributing to reduction in global carbon footprint and greenhouse emissions.

Processes and Systems

We have adopted lean methodology in shop floor for SOFC products to achieve cycle time reductions resulting in energy conservation and reduced resource consumption. As a part of the effort we have indigenized some components that we were earlier importing from abroad that has resulted in reduction of emissions by avoiding transportation. We have also recently got certified for ISO 14001:2015 Environmental Management System for our export-oriented unit and Unit 2. We plan to get certified for our other units as well in the near future. As part of our green initiative as well as thrust towards renewable energy, we are planning to set up solar rooftop panels across all the units for captive power generation.

3. Does the company identify and assess potential environmental risks? Y/N

Yes. We being an ISO 14001:2015 (Unit 2 & EOU) certified Company, undertake Hazard Identification and Risk Assessment for various processes. Apart from internal audits, we are also subject to various audits and inspections by the statutory authority from time to time. By virtue of being in the metal manufacturing space, our manufacturing processes generate negligible effluents. We are taking up various initiatives such as setting up of solar rooftop panels to reduce our energy consumption through captive generation of clean and renewable energy.

4. Does the company have any project related to Clean Development Mechanism? If so, provide details thereof,

in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?

No, we have not filed any projects under Clean Development Mechanism programme.

- 5. Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.**

Some of our products and their development are our major contribution towards clean technology. As mentioned earlier, more than 50% of our revenues are generated from Clean Energy and we manufacture SOFC and hydrogen boxes that are part of clean technology in collaboration with Bloom Energy, USA. We also cater to the hydel-power sector in clean energy. <https://mtar.in/clean-energy/>

- 6. Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?**

Yes, the emissions generated by our firm are within the permissible limits. All our operations are certified by the Telangana State Pollution Control Board.

- 7. Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.**

We do not have any outstanding notices from CPCB / SPCB as on end of financial year FY 2020-21.

Principle 7 – Policy Advocacy

The Company is a member of trade chambers or associations and the major ones are listed hereunder.

- 1. Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:**

- (a) Confederation of Indian Industry
- (b) Society of Indian Defence Manufacturer
- (c) The Federation of Telangana Chambers of Commerce and Industry

- 2. Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)**

While we participate on these platforms and advocate public good in general, we have not lobbied through the same.

Principle 8 – Equitable Development

- 1. Does the company have specified programmes/ initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.**

The Company strives to contribute towards Equitable Development through various partnering organisations and NGOs already active in the field. We are focusing on social

development programmes and inclusive growth. We are primarily involved in the fields of healthcare, child welfare and education. Some of our key programs towards equitable development are listed below :

Child Welfare:

We strongly believe that children are a nation's assets and the nation's future depends upon them. Hence, we have chosen child welfare as a key element of our corporate social responsibility strategy and have partnered with St. Jude India Childcare Centre, an NGO that works to save lives of children suffering from chronic illnesses such as Cancer. We have contributed Rs. 2.5 Mn to St. Jude India Childcare Centre in FY 2020-21.

Education

We believe in nurturing today's young talent to build tomorrow's nation and have partnered with Teach for India that works to groom young talent in India's low-income schools. We have contributed Rs. 2.5 Mn towards this initiative. Also, we recruit apprentices for Export Oriented Unit and train them on various manufacturing technologies to contribute towards social skill development

Health

A health society contributes to the productivity of the businesses and the Nation. Hence, we have partnered with Red Cross that works to save patients by providing them with blood, platelets etc. in life threatening situation. We have contributed Rs. 1.0 Mn towards establishment of a Red Cross facility at Medchal – Malkajgiri district. Also, we have partnered with GiveRed, an NGO that works to help patients affected with COVID by meeting their medical needs and contributed Rs. 1.0 Mn towards this initiative.

- 2. Are the programmes / projects undertaken through in-house team/own foundation/external NGO / government structures/any other organization?**

Our initiatives are currently driven through our NGO partner organisations such as St.Jude India Childcare Centre, GiveRed, and Teach for India. Skill development of Apprentices at our Export Oriented Unit is our internal initiative.

- 3. Have you done any impact assessment of your initiative ?**

We have started community development initiatives through our partner organizations in FY 2020-21 hence, it is too early to have a meaningful impact assessment right now. We will be measuring the impact of our initiatives and redesign our roadmap from FY 22.

- 4. What is your company's direct contribution to community development projects- Amount in Rs. and the details of the projects undertaken?**

Our company's direct contribution to community development is Rs. 7.0 Mn for the last FY (2020-21). We spent Rs. 1.0 Mn towards COVID care, Rs. 2.5 Mn towards childcare, Rs. 1.0 Mn towards health and Rs. 2.5 Mn towards education. Please refer to CSR report for details of our contribution and partner organisations.

5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.

Our experienced partner organizations have dedicated teams as well as volunteers to ensure the outreach of our initiatives to the target segment. As such in the chosen segments of our initiatives, in most cases the beneficiaries are badly in need of the support extended. Hence, the possibility of rejection of the same by the community or beneficiary is significantly limited. At the same time, we regularly interact with our partner organisations to track the progress and status of the various initiatives.

Principle 9 – Customer Value

1. What percentage of customer complaints/consumer cases are pending as on the end of financial year.

We don't have any pending consumer complaints towards the end of FY 2020-21.

2. Does the company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A. /Remarks (additional information)

Not Applicable.

3. Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and /or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.

No. There are no cases filed against the company

4. Did your company carry out any consumer survey / consumer satisfaction trends? –

Owing to our very niche products and limited customer base, there are on-going customer interactions as well as joint inspections during the process of manufacture of each of our products. The entire cycle right from raw material sourcing to final acceptance of finished product by the customer involves a series of interaction, feedback as well as customer approval at every stage. In addition, our business heads routinely interact with customers and receive feedback from them on a regular basis. We have received various letters of appreciation, citations and awards from our customers.

ANNEXURE III

FORM MR-3

Secretarial Audit Report

(Pursuant to section 204(1) of the Companies Act, 2013 and
 Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014
 FOR THE FINANCIAL YEAR ENDED MARCH 31, 2021

To,
 The Members
 MTAR Technologies Limited

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by MTAR Technologies Limited (hereinafter called "the Company"). Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's Books, Papers, Minutes 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, we hereby report that in our opinion, the company has, during the Financial Year commencing from April 01, 2020 and ended March 31, 2021 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

1. We have examined the books, papers, minutes books, forms and returns filed and other records maintained by the Company for the financial year ended on of March 31, 2021 according to the provisions of:
 - (i) The Companies Act, 2013 (the Act) and the rules made there under;
 - (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made there under;
 - (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 (FDI), Overseas Direct Investment and External Commercial Borrowings;
2. Compliance status in respect of the provisions of the following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI ACT') is furnished hereunder for the financial year 2020-21:-
 - i. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; Complied with yearly and event based disclosures, wherever applicable.
 - ii. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 and Amended Regulations 2018; The Company has framed code of conduct for regulating & reporting trading by insiders and for fair disclosure and displayed the same on the Company's website i.e. <https://www.mtar.in>
 - iii. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018; The Company has filed Draft Red herring Prospectus and Red herring Prospectus for issue of 10,372,419 Equity shares (consisting of 2,148,149 fresh issue and 8,224,270 Offer for sale by promoters and other than promoters) with BSE Limited, National Stock Exchange of India Limited, Securities Exchange and Board of India and the Registrar of Companies and was listed on both the Exchanges with effect from 15.03.2021 and the minimum contribution of the Promoter's and the entire pre issue capital held by other than promoters are locked in accordance with Regulation 16 and 17 SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018.
 - iv. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; Not Applicable as the Company has not issued any Employee Stock Options during the year under review.
 - v. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 and SEBI (Issue and Listing of Debt Securities) (Amendment) Regulations, 2019; Not Applicable as the Company has not issued any debt securities during the year under review.
 - vi. The Securities and Exchange Board of India (Registrars to an issue and Share Transfer Agents) Regulations, 1993, regarding the Companies Act and dealing with client; Not Applicable as the Company is not registered as Registrar to an Issue and Share Transfer Agent during the year under review. However, the company has KFin Technologies Private Limited as its Share Transfer Agent.
 - vii. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 and SEBI (Delisting of Equity Shares) (Amendment) Regulations, 2018; Not Applicable as the company has not delisted/ proposed to delist its equity shares during the year under review.

- viii. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; Not Applicable as the Company has not bought back/ proposed to buy-back any of its securities during the year under review.
- ix. Other applicable laws include the following:
1. Factories Act, 1948
 2. Industrial Disputes Act, 1947
 3. The Payment of Wages Act, 1936
 4. The Minimum Wages Act, 1948
 5. Employees' State Insurance Act, 1948
 6. The Employees' Provident Funds and Miscellaneous Provisions Act, 1952
 7. The Payment of Bonus Act, 1965
 8. The Payment of Gratuity Act, 1972
 9. The Contract Labour (Regulation & Abolition) Act, 1970
 10. The Maternity Benefit Act, 1961
 11. The Child Labour (Prohibition & Regulation) Act, 1986
 12. The Industrial Employment (Standing Order) Act, 1946
 13. The Employees' Compensation Act, 1923
 14. The Apprentices Act, 1961
 15. Equal Remuneration Act, 1976
 16. The Employment Exchange (Compulsory Notification of Vacancies) Act, 1959

Environmental Laws

1. Water (Prevention and Control of Pollution) Cess Act, 1977;
2. Air (Prevention and Control of Pollution) Act, 1981;
3. Environment (Protection) Act, 1986;

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) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 were complied with to the extent applicable.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above including the following:

- a) During the year the Company has conducted 13 meetings of the Board of Directors, 2 Meetings of Audit Committee meeting, 10 meetings of IPO committee and 1 meeting of Corporate Social Responsibility Committee Meeting. We have also examined compliance with the applicable

clauses of the Secretarial Standards issued by the Institute of Company secretaries of India.

- b) As per the information and explanations provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we report that:
 - (i) the provisions of the Foreign Exchange Management Act, 1999 and the Rules and Regulations made there under to the extent of:
 - External Commercial Borrowings were not attracted to the Company under the financial year under report;
 - Foreign Direct Investment (FDI) was not attracted to the company under the financial year under report;
 - Overseas Direct Investment by Residents in Joint Venture/Wholly Owned Subsidiary abroad was not attracted to the company under the financial year under report.
 - (ii) As per the information and explanations provided by the company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we report that the Company has not made any GDRs/ ADRs or any Commercial Instrument under the financial year under report.

We further report that:

- Mr. Sudipto Bhattacharya was appointed as the Chief Financial Officer of the Company w.e.f 01.09.2020. Further, Mr. Shubham Bagadia was appointed as Company Secretary and Compliance Officer w.e.f. 20.10.2020.
- The Company has appointed M/s. Seshachalam & Co., Chartered Accountants as Internal Auditor for the Financial Year 2020-21 on 20.06.2020 and M/s Sagar & Associates as Cost Auditors of the Company for the Financial Year 2020-21 on 26.03.2021.
- The website of the Company contains policies as specified by SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 and the provisions of Companies Act, 2013.
- The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
- Adequate notice of board meeting is given to all the directors along with agenda 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 meaningful participation at the meeting.
- As per the minutes of the meeting duly recorded and signed by the Chairman, the decisions of the Board were unanimous and no dissenting views have been recorded.

- During the year under review, the Company has filed two Compounding Applications with Regional Director and Registrar of Companies towards noncompliance of Section 203 (Non appointment of Company Secretary) and Section 68 (delay in extinguishment of shares by NSDL) of the Companies Act, 2013. However, company has appointed Mr. Shubham Bagadia as Company Secretary w.e.f. 20.10.2020.
- 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.
- The compliance by the Company of applicable financial laws like Direct and Indirect tax laws has not been reviewed in this audit since the same have been subject to review by statutory financial audit and other designated professionals.

For S.S. Reddy & Associates

S. Sarveswar Reddy

Proprietor

Place: Hyderabad

Date: 02.06.2021

M. No. A12611, C.P. No: 7478

UDIN: A012611C000419259

Annexure to the Secretarial Audit Report

To
The Members of
MTAR Technologies Limited

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

1. Maintenance of secretarial record is the responsibility of the management of the company. 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 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 relied on the reports given by the concerned professionals in verifying 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 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 future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company

Place: Hyderabad
Date: 02.06.2021

For S.S. Reddy & Associates

S. Sarveswar Reddy

Proprietor

M. No. A12611, C.P. No: 7478

UDIN: A012611C000419259

ANNEXURE IV

Form No. AOC-2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

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

Related Party Disclosures

a) Names of the related parties and nature of relationship (as per Ind AS 24):

Nature of Relationship	Name of Related Party
Key Management Personnel (KMP):	Parvat Srinivas Reddy
	Sudipto Bhattacharya
	Shubham Sunil Bagadia
Relatives of Key Management Personnel (KMP):	NA

b) Transactions with related parties:

(Amount in Rs. Mn)

Particulars	Nature	As at March 31, 2021	As at March 31, 2020
M. Anushman Reddy	Remuneration	2.57	2.15
Parvat Srinivas Reddy	Remuneration	8.50	0.00
Devesh Dhar Dwivedi	Remuneration	5.74	2.51
Abhaya Shankar	Remuneration	0.41	7.39
A. Praveen Kumar Reddy	Remuneration	1.29	1.20
A. Pranay Kumar Reddy	Remuneration	1.57	1.52
Shubham Sunil Bagadia	Remuneration	0.24	0.00
Sudipto Bhattacharya	Remuneration	2.92	0.00
P. Jayaprakash Reddy	Professional charges	0.00	6.64
K. Satyanarayana Reddy	Professional charges	0.00	4.80
Parvat Srinivas Reddy	Professional charges	2.25	8.00
Dr. C. Sukesh Kumar Reddy	Sitting fees	0.01	0.03
Venkatasatishkumar Reddy Gangapatnam	Sitting fees	0.39	0.04
Vamshidhar Reddy Kallem	Sitting fees	0.01	0.03
M.Anushman Reddy	Sitting fees	0.01	0.04
P. Simhadri Reddy	Sitting fees	0.01	0.03
Parvat Srinivas Reddy	Sitting fees	0.01	0.04
Rohith Loka Reddy	Sitting fees	0.01	0.03
P. Kalpana Reddy	Sitting fees	0.01	0.04
A. Praveen Kumar Reddy	Sitting fees	0.38	0.00
P. Jayaprakash Reddy	Sitting fees	0.00	0.03
Mathew Cyriac	Sitting fees	0.47	0.03
Padmashri Nagarajan Vedachalam	Sitting fees	0.42	0.00

Particulars	Nature	As at March 31, 2021	As at March 31, 2020
B V R Subbu	Sitting fees	0.34	0.00
A. Krishna Kumar	Sitting fees	0.54	0.00
Ameeta Chatterjee	Sitting fees	0.50	0.00
U C Muktibodh	Sitting fees	0.50	0.00
V.G. Sekaran	Sitting fees	0.50	0.00
K. Shalini	Rent	0.10	0.00
Magnatar Aero Systems Private Limited	Reimbursable Expenditure incurred on behalf of Magnatar	0.16	0.03

Related party balances:

Amount due to related parties

(Amt. in Rupees Mn)

Particulars	As at March 31, 2021	As at March 31, 2020
Nil	Nil	Nil

Amount due from related parties

(Amt. in Rupees Mn)

Particulars	As at March 31, 2021	As at March 31, 2020
Nil	Nil	Nil

ANNEXURE V

Report on CSR Activities

[Pursuant to section 135 of the Companies Act, 2013 and Rule 9 of the Companies (Corporate Social Responsibility) Rules, 2014]

1. A brief Outline of Company's CSR Policy, including overview of projects or programmes undertaken/ proposed to be undertaken:

The CSR Policy adopted by the Board consists of activities as specified in Schedule VII of Companies Act, 2013.

2. Composition of CSR Committee:

The details of the composition of the committee are given below:

Sl. No.	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1.	Mr. V.G. Sekaran	Member, Independent Director	3	3
2.	Mr. U.C. Muktibodh	Member, Independent Director	3	3
3.	Mr. G.V. Satish Kumar Reddy	Chairman, Non-Executive Director	3	3

3. web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company: www.mtar.in.

4. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable (attach the report): Not Applicable since the Company's average CSR obligation is less than Rupees Ten Crores in the three immediately preceding financial years.

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

Sl. No.	Financial Year	Amount available for set-off from preceding financial years (in Rs.)	Amount required to be set-off for the financial year, if any (in Rs.)
Not Applicable			

6. Average net profits of the company for last three financial years as per section 135(5)

The average net profit of the Company for the last three financial years as per Section 135 of the Companies Act, 2013 was Rs. 253.13 Mn.

7.

Sl. No.	Particulars	Amount (Rs. in Mn)
(a)	Two percent of average net profit of the company as per section 135(5)	6.80
(b)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years.	0.00
(c)	Amount required to be set off for the financial year, if any	6.80
(d)	Total CSR obligation for the financial year (7a+7b-7c).	0.00

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

Total Amount Spent for the Financial Year. (in Rs.)	Amount Unspent (Rs. In Mn)				
	Total Amount transferred to Unspent CSR Account as per section 135(6).		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5).		
	Amount.	Date of transfer.	Name of the Fund	Amount.	Date of transfer.
7.00	NA	NA	NA	NA	NA

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

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Sl. No.	Project ID.	Name of the Project.	Financial Year in which the project was commenced.	Project duration.	Total amount allocated for the project (in Rs.).	Amount spent on the project in the reporting Financial Year (in Rs.).	Cumulative amount spent at the end of reporting Financial Year. (in Rs.)	Status of the project - Completed /Ongoing.
1								Not Applicable
	Total							

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)

Sl. No.	Particulars	Details
(a)	Date of creation or acquisition of the capital asset(s).	NA
(b)	Amount of CSR spent for creation or acquisition of capital asset.	NA
(c)	Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.	NA
(d)	Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset).	NA

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).

Sd/-

(Chief Executive Officer or Managing Director or Director).

Sd/-

(Chairman CSR Committee).

ANNEXURE VI

Management Discussion and Analysis

The Management Discussion and Analysis Report, pursuant to the SEBI (LODR) Regulation that provides an overview of the affairs of the Company, its legal status and autonomy, business environment, mission & objectives, sectoral and segment-wise operational performance, strengths, opportunities, constraints, strategy and risks and concerns, as well as human resource and internal control systems is covered in corporate overview section [Page Number 36 to 46].

ANNEXURE VII

Corporate Governance

In accordance with Regulation 34 (3) read with Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the report containing the details of Corporate Governance systems and processes at MTAR Technologies Limited as follows:

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE:

The Company's philosophy on Corporate Governance is backed by Principles of Concern, Commitment, Ethics, Excellence and Learning in all its acts and relationships with Stakeholders, Clients, Associates and Community at large. This philosophy revolves around fair and transparent governance and disclosure practices in line with the principles of Good Corporate Governance. The Corporate Governance Structure in the Company assigns responsibilities and entrusts authority among different participants in the organization viz. the Board of Directors, the Senior Management, Employees, etc. The Company believes that good Corporate Governance is a continuous process and strives to improve the Corporate Governance practices to meet shareholder's expectations.

2. BOARD DIVERSITY:

The Company recognizes and embraces the importance of a diverse board in its success. We believe that a truly diverse board will leverage differences in thought, perspective, knowledge, skill, regional and industry experience, cultural and geographical background, age, ethnicity, race and gender, which will help us, retain our competitive advantage. The Board has adopted the Board Diversity Policy which sets out the approach to diversity of the Board of Directors. The Board Diversity Policy is available on our website, www.mtar.in.

3. COMPOSITION OF THE BOARD:

The composition of the Board of Directors of the company is an appropriate combination of executive and non-executive Directors with right element of independence. As on March 31, 2021, the Company's Board comprised of ten Directors, two promoter Director and two non-executive directors. In addition, there are six independent Directors including one woman director on the Board. In terms of clause 17(1) (b) of SEBI (LODR) Regulations, 2015, the company is required to have one half of total Directors as independent Directors. The non-executive Directors are appointed or re-appointed based on the recommendation of the Nomination & Remuneration Committee which considers their overall experience, expertise and industry knowledge. One third of the non-executive Directors other than independent Directors, are liable to retire by rotation every year and are eligible for reappointment, subject to approval by the shareholders.

4. ATTENDANCE AND DIRECTORSHIPS HELD:

As mandated by the SEBI (LODR) Regulations, 2015, none of the Directors are members of more than ten Board-level committees nor are they chairman of more than five committees in which they are members. Further all the Directors have confirmed that they do not serve as an independent director in more than seven listed companies or where they are whole-time directors in any listed company, they do not serve as independent director in more than three listed companies.

The names and categories of the Directors on the Board, their attendance at Board meeting during the year and at last Annual General Meeting, as also the number of Directorships and Committee memberships held by them in other companies are shown in **Table 1**.

Table 1

Name of Director	Relationship with another Director	Category	No. of Meetings Held	No. of Meetings Attended	Whether Attended Last AGM	No. of Outside Directorship of Companies and chairmanship	No. of other Committee Memberships	No. of other Committee Chairmanships
Mr. B.V.R Subbu	Nil	NED & ID	13	04	NA	14	05	04
Mr. K. Krishna Aravamudan	Nil	NED & ID	13	05	NA	05	02	Nil
Mr. V.G. Sekaran	Nil	NED & ID	13	05	NA	Nil	Nil	Nil
Mrs. Ameeta Chatterjee	Nil	NED & ID	13	05	NA	10	08	09
Mr. U.C Muktibodh	Nil	NED & ID	13	05	NA	Nil	Nil	Nil
Mr. V. Nagarajan	Nil	NED & ID	13	05	NA	Nil	Nil	Nil
Mr. P. Srinivas Reddy	Nil	P & ED	13	13	Yes	04	Nil	Nil
Mr. Mathew Cyriac	Nil	NED & ND	13	13	Yes	12	03	04
Mr. G.V Satish Kumar Reddy	Nil	NED & Non-ID	13	13	Yes	03	Nil	Nil
Mr. A. Praveen Kumar Reddy	Nil	NED & Non-ID	13	04	NA	Nil	Nil	Nil

Name of Director	Relationship with another Director	Category	No. of Meetings Held	No. of Meetings Attended	Whether Attended Last AGM	No. of Outside Directorship of Companies and chairmanship	No. of other Committee Memberships	No. of other Committee Chairmanships
Mr. P. Jaya Prakash Reddy*	Nil	NED	13	0	NA	NA	NA	NA
Mr. K. Satyanarayana Reddy*	Nil	NED	13	0	NA	NA	NA	NA
P. Kalpana**	Nil	Promoter Nominee Director	13	03	NA	NA	NA	NA
Mr. C. Sukesh Reddy^	Nil	Promoter Nominee Director	13	02	NA	NA	NA	NA
Mr. Anushman Reddy#	Nil	Promoter & ND	13	06	Yes	NA	NA	NA
Mr. Loka Rohith Reddy#	Nil	Promoter & ND	13	06	Yes	NA	NA	NA
Mr. P. Simhadri Reddy#	Nil	Investor & ND	13	06	No	NA	NA	NA
Mr. Vamsidhar Reddy Kallem*	Nil	NED	13	08	NA	NA	NA	NA

*Cessation w.e.f 20.04.2020

#Cessation w.e.f 19.10.2020

**Cessation w.e.f 14.08.2020

^Cessation w.e.f 25.08.2020

The Name of other listed entities where directors of the company are directors and the category of directorship are shown in **Table 2**.

Table 2

Name of Director	Name of listed entities in which the concerned Director is a Director	Category of Directorship
Mr. B.V.R Subbu	KPIT Technologies Limited	Independent Director
	Greaves Cotton Limited	Independent Director
Mr. K. Krishna Aravamudan	-	-
Mr. V.G. Sekaran	-	-
Mrs. Ameeta Chatterjee	Nippon Life India Asset Management Limited	Independent Director
Mr. U.C. Muktibodh	-	-
Mr. V. Nagarajan	-	-
Mr. P. Srinivas Reddy	Ravileela Granites Limited	Non-Executive & Non-Independent Director
Mr. Mathew Cyriac	Gokaldas Exports Limited	Non-Executive & Non-Independent Director
Mr. G.V Satish Kumar Reddy	-	-
Mr. A. Praveen Kumar Reddy	-	-

Details of Skills/Expertise/Competence matrix of the Board of Directors:

S. No	Name of the Director	Skills/Expertise/Competence in specific functional areas
1.	Mr. B V R Subbu	Specialisation in Economics, International Trade, Automobile Technology
2.	Mr. K. Krishna Aravamudan	Specialisation in Economics, Banking and Finance
3.	Mr. V.G. Sekaran	Mechanical Engineering, Specialisation in Aeronautical Engineering, Design and Technology Development of Indigenous long range Strategic Missile System.
4.	Ms. Ameeta Chatterjee	Commerce, Investments and Acquisitions, Finance and Accounting and Finance
5.	Mr. U.C Muktibodh	Specialisation in Mechanical Engineering, Nuclear Scientist, Design, Development and Engineering of various Nuclear and Conventional Systems
6.	Mr. V. Nagarajan	Specialisation in Mechanical Engineering, Holds rich experience in space research and an incredible contribution to ISRO in various senior capacities.
7.	Mr. P. Srinivas Reddy	Engineering, Specialisation in Industrial Production and Engineering, General Management, Operations and Corporate Strategy
8.	Mr. Mathew Cyriac	Mechanical Engineering, Management, Finance and Accounting and Investments
9.	Mr. G.V Satish Kumar Reddy	Specialisation in Mechanical and Industrial Engineering, Management, Technology, Operations
10.	Mr. A. Praveen Kumar Reddy	Engineering, Specialisation in Electronics and Communication, Manufacturing and Production.

Number of shares and convertible instruments held by non-executive directors;

None of the non - executive directors of the Company are holding any shares in the company.

5. COMMITTEES OF THE BOARD:

The Company has seven Board-level Committees - Audit Committee, Stakeholder Relationship Committee, Nomination & Remuneration Committee, Risk Management Committee, Corporate Social Responsibility Committee, IPO Committee and Share Allotment Committee.

All decisions pertaining to the constitution of Committees, appointment of members and fixing of terms of service for Committee members are taken by the Board of Directors. Details on the role and composition of these Committees, including the number of meetings held during the financial year and the related attendance are provided in this report below.

6. AUDIT COMMITTEE:

A. BRIEF DESCRIPTION OF TERMS OF REFERENCE: - A qualified and independent Audit Committee has been set up by the Board and the role of the Audit Committee is as under:

- i. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- ii. Recommending the appointment and removal of External Auditors, fixation of audit fee and approval for payment for any other services;
- iii. Reviewing the utilization of loans and/ or advances from/ investment by the holding company in the subsidiary exceeding Rs. 100 Cr or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments existing as on the date of coming into force of this provision.
- iv. Review with the management and statutory auditors of the annual financial statements before submission to the Board with particular reference to:

- (a) Matters required to be included in the directors' responsibility statement to be included in the board's report in terms of clause (c) of sub-section (3) of Section 134 of the Act;
- (b) Changes, if any, in accounting policies and practices and reasons for the same;
- (c) Major accounting entries involving estimates based on the exercise of judgment by management;
- (d) Significant adjustments made in the financial statements arising out of audit findings;
- (e) Compliance with listing and other legal requirements relating to financial statements;
- (f) Disclosure of any related party transactions;
- (g) Modified opinion(s) in the draft audit report;
- v. Review of the quarterly and half yearly financial results with the management before submission to the board for approval;
- vi. reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the board to take up steps in this matter;
- vii. Review and monitor statutory auditor's independence and performance and effectiveness of audit process;
- viii. Approval or any subsequent modification of transactions with related parties;
- ix. Scrutiny of inter-corporate loans and investments;
- x. Review of valuation of undertakings or assets of the company wherever it is necessary;

- xi. Evaluation of internal financial controls and risk management systems;
- xii. Review with the management, statutory auditors and the internal auditors about the nature and scope of audits and of the adequacy of internal control systems;
- xiii. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit;
- xiv. discussion with internal auditors of any significant findings and follow up there on;
- xv. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
- xvi. discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- xvii. Look into the reasons for any substantial defaults in payment to the depositors, debenture-holders, shareholders (in case of non-payment of declared dividend) and creditors, if any;
- xviii. Review the functioning of the whistle blower mechanism;
- xix. Approval of appointment of Chief Financial Officer after assessing the qualifications, experience and background, etc. of the candidate
- xx. Review of the following information:
 - (a) Management discussion and analysis of financial condition and results of operations;
 - (b) Statement of significant related party transactions (as defined by the audit committee), submitted by management;
 - (c) Management letters / letters of internal control weaknesses issued by the statutory auditors;
 - (d) Internal audit reports relating to internal control weaknesses;
 - (e) The appointment, removal and terms of remuneration of the Chief Internal Auditor;
 - (f) Statement of deviations:
 - Quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1) of the Listing Regulations.
 - Annual statement of funds utilized for purposes other than those stated in the offer document/prospectus in terms of Regulation 32(7) of the Listing Regulations.
- xxi. Carrying out any other function as may be referred to the Committee by the Board.
- xxii. Authority to review / investigate into any matter covered by Section 177 of the Companies Act, 2013 and matters specified in Part C of Schedule II of the Listing Regulations.

B. COMPOSITION, MEETINGS & ATTENDANCE:

There were two (2) Audit Committee Meetings held during the year on 09.02.2021 and 15.02.2021.

Name	Designation	Category	No of Meetings held	No of Meetings attended
Mr. Krishna Kumar Aravamudan	Chairperson	NED(I)	2	2
Mrs. Ameeta Chatterjee	Member	NED(I)	2	2
Mr. Mathew Cyriac	Member	NED & Nominee Director	2	2

NED (I) : Non Executive Independent Director

NED : Non Executive Director

7. NOMINATION AND REMUNERATION COMMITTEE:

A. BRIEF DESCRIPTION OF TERMS OF REFERENCE:

The Nomination and Remuneration Committee set up by the Board is responsible for:

- i. formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees.
- ii. formulation of the criteria for evaluation of performance of independent directors and the board of directors.
- iii. devising a policy on diversity of board of directors.
- iv. identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board of Directors their appointment and removal.
- v. whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of Independent Directors.
- vi. recommending to the Board, remuneration, payable to senior management.
- vii. such other matters as may be specified by the Board from time to time.
- viii. Authority to review / investigate into any matter covered by Section 178 of the Companies Act, 2013 and matters specified in Part D of Schedule II of the Listing Regulations.

B. COMPOSITION OF THE COMMITTEE, MEETINGS AND ATTENDANCE DURING THE YEAR:

There were no Committee Meetings held during the financial year 2021-22, However the company has constituted the committee in a meeting held on 05.12.2020 as follows:

Name	Designation	Category
Mrs. Ameeta Chatterjee	Chairperson	Non Executive Independent Director
Mr. B.V.R Subbu	Member	Non Executive Independent Director
Mr. Mathew Cyriac	Member	Non Executive and Nominee Director

C. PERFORMANCE EVALUATION CRITERIA FOR INDEPENDENT DIRECTORS:

The performance evaluation criteria for Independent Directors are already mentioned under the head "Board Evaluation" in Directors' Report.

POLICY FOR SELECTION OF DIRECTORS AND DETERMINING DIRECTORS' INDEPENDENCE**Scope:**

This policy sets out the guiding principles for the Nomination & Remuneration Committee for identifying persons who are qualified to become Directors and to determine the independence of Directors, in case of their appointment as independent Directors of the Company.

Terms and References:

- 2.1 **"Director"** means a director appointed to the Board of a Company.
- 2.2 **"Nomination and Remuneration Committee"** means the committee constituted in accordance with the provisions of Section 178 of the Companies Act, 2013 and Reg. 19 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- 2.3 **"Independent Director"** means a director referred to in sub-section (6) of Section 149 of the Companies Act, 2013 and Regulation 16(b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Policy:

- The Nomination and Remuneration Committee, and the Board, shall review on annual basis, appropriate skills, knowledge and experience required of the Board as a whole and its individual members. The objective is to have a board with diverse background and experience that are relevant for the Company's operations.
- In evaluating the suitability of individual Board member, the NR Committee may take into account factors, such as:
 - General understanding of the company's business dynamics, global business and social perspective;
 - Educational and professional background
 - Standing in the profession;
 - Personal and professional ethics, integrity and values;
 - Willingness to devote sufficient time and energy in carrying out their duties and responsibilities effectively.

2.1 The proposed appointee shall also fulfil the following requirements:

- shall possess a Director Identification Number;
- shall not be disqualified under the companies Act, 2013;
- shall endeavour to attend all Board Meeting and Wherever he is appointed as a Committee Member, the Committee Meeting;
- shall abide by the code of Conduct established by the company for Directors and senior Management personnel;
- shall disclose his concern or interest in any company or companies or bodies corporate, firms, or other association of individuals including his shareholding at the first meeting of the Board in every financial year and thereafter whenever there is a change in the disclosures already made;
- Such other requirements as may be prescribed, from time to time, under the companies Act, 2013, SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 and other relevant laws.

3. Criteria of independence

- The Nomination & Remuneration Committee shall assess the independence of Directors at time of appointment/ re-appointment and the Board shall assess the same annually. The Board shall re-assess determinations of independence when any new interest or relationships are disclosed by a Director.
- The criteria of independence shall be in accordance with guidelines as laid down in companies Act, 2013 and Regulation 16(b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- The independent Director shall abide by the "code for independent Directors "as specified in Schedule IV to the companies Act, 2013.

4. Other directorships/ committee memberships

- The Board members are expected to have adequate time and expertise and experience to contribute to effective Board performance. Accordingly, members should voluntarily limit their directorships in other listed public limited companies in such a way that it does not interfere with their role as director of the company. The NR Committee shall take into account the nature of and the time involved in a director's service on other Boards, in evaluating the suitability of the individual Director and making its recommendations to the Board.

4.2A Director shall not serve as director in more than 20 companies of which not more than 10 shall be public limited companies.

4.3A Director shall not serve as an independent Director in more than 7 listed companies and not more than 3 listed companies in case he is serving as a whole-time Director in any listed company.

4.4A Director shall not be a member in more than 10 committees or act as chairman of more than 5 committee across all companies in which he holds directorships.

For the purpose of considering the limit of the committee, Audit committee and stakeholder's relationship committee of all public limited companies, whether listed or not, shall be included and all other companies including private limited companies, foreign companies and companies under section 8 of the companies Act, 2013 shall be excluded.

8. STAKEHOLDER'S RELATIONSHIP COMMITTEE:

A. BRIEF DESCRIPTION OF TERMS OF REFERENCE:

The Committee's role includes:

- i. Resolving the grievances of the security holders of the Company including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc;
- ii. Review of measures taken for effective exercise of voting rights by shareholders;
- iii. Review of adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar & Share Transfer Agent;
- iv. Review of the various measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the company;
- v. Such other matter as may be specified by the Board from time to time.
- vi. Authority to review / investigate into any matter covered by Section 178 of the Companies Act, 2013 and matters specified in Part D of Schedule II of the Listing Regulations.

B. COMPOSITION OF THE COMMITTEE, MEETINGS AND ATTENDANCE DURING THE YEAR:

There were no Committee Meetings held during the financial year 2021-22, However the company has constituted the committee in a meeting held on 05.12.2020 as follows:

Name	Designation	Category
Mr. G.V Satish Kumar Reddy	Chairperson	Non-Executive Director
Mr. V. Nagarajan	Member	Non Executive Independent Director
Mrs. K. Krishna Aravamudan	Member	Non Executive Independent Director

NED (I) : Non Executive Independent Director

ED: Executive Director

C. DETAILS OF COMPLAINTS/REQUESTS RECEIVED, RESOLVED AND PENDING DURING THE YEAR 2020-21:

Opening balance	Received during the year	Resolved during the year	Closing balance
-	4740	4734	06

D. NAME AND DESIGNATION OF COMPLIANCE OFFICER:

Mr. Shubham Sunil Bagadia, Company Secretary and Compliance Officer of the company.

9. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE:

The Committee comprising of Non-Executive Directors including two Independent Directors is constituted by the Board in accordance with the Act to:

- a. Formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Act;
- b. Recommend the amount of expenditure to be incurred on the activities referred to in clause (a); and

- c. Monitor the Corporate Social Responsibility Policy of the Company from time to time.

The CSR Policy is uploaded on the Company's website as required under the provisions of Section 135 of the Act and Rule 9 of the Companies (Corporate Social Responsibility Policy) Rules, 2014.

10. RISK MANAGEMENT COMMITTEE:

A. BRIEF DESCRIPTION OF TERMS OF REFERENCE:

The Committee's role includes:

The role of the committee shall, inter alia, include the following:

- (1) To formulate a detailed risk management policy which shall include:
 - (a) A framework for identification of internal and external risks specifically faced by the listed entity, in particular

including financial, operational, sectoral, sustainability, information, cyber security risks or any other risk as may be determined by the Committee.

- (b) Measures for risk mitigation including systems and processes for internal control of identified risks.
 - (c) Business continuity plan.
- (2) To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;
- (3) To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems;

- (4) To periodically review the risk management policy, at least once in two years, including by
considering the changing industry dynamics and evolving complexity;
- (5) To keep the board of directors informed about the nature and content of its discussions, recommendations and actions to be taken;
- (6) The appointment, removal and terms of remuneration of the Chief Risk Officer (if any) shall be subject to review by the Risk Management Committee.

B. COMPOSITION OF THE COMMITTEE, MEETINGS AND ATTENDANCE DURING THE YEAR:

The company has constituted the committee in a meeting held on 02.06.2021 as follows:

Name	Designation	Category
Mr. B.V. R Subbu	Chairperson	Non Executive Independent Director
Mr. Nagarajan Vedachalam	Member	Non Executive Independent Director
Dr. V.G. Sekaran	Member	Non Executive Independent Director
Mr. U.C. Muktibodh	Member	Non Executive Independent Director
Mr. A. Krishna Kumar	Member	Non Executive Independent Director
Ms. Ameeta Chatterjee	Member	Non Executive Independent Director

11. PECUNIARY RELATIONSHIP OR TRANSACTIONS OF THE NON-EXECUTIVE DIRECTORS VIS-À-VIS THE LISTED COMPANY: None of the Non-Executive Directors except Mr. G.V Satish Kumar Reddy and Mr. A. Praveen Kumar Reddy had any pecuniary relationship or transaction with the company other than the Directors sitting fees.

A. CRITERIA FOR MAKING PAYMENTS TO NON-EXECUTIVE DIRECTORS:

Policy:

1. Remuneration to Executive Director and key managerial personnel

- 1.1 The Board on the recommendation of the Nomination and Remuneration (NR) committee shall review and approve the remuneration payable to the Executive Director of the company within the overall limit approved by the shareholders.
- 1.2 The Board on the recommendation of the NR committee shall also review and approve the remuneration payable to the key managerial personnel of the company.
- 1.3 The remuneration structure to the Executive Director and key managerial personnel shall include the following components:
- (i) Basic pay
 - (ii) Perquisites and Allowances
 - (iii) Stock Options
 - (iv) Commission (Applicable in case of Executive Directors)
 - (v) Retrial benefits

- 1.4 The Annual plan and Objectives for Executive committee shall be reviewed by the NR committee and Annual performance Bonus will be approved by the committee based on the achievement against the Annual plan and Objectives.

2. Remuneration to Non – Executive Directors

- 2.1 The Board, on the recommendation of the NR Committee, shall review and approve the remuneration payable to the Non – Executive Directors of the Company within the overall limits approved by the shareholders.
- 2.2 Non – Executive Directors shall be entitled to sitting fees attending the meetings of the Board and the Committees thereof. The Non- Executive Directors shall also be entitled to profit related commission in addition to the sitting fees.

3. Remuneration to other employees

- 3.1. Employees shall be assigned grades according to their qualifications and work experience, competencies as well as their roles and responsibilities in the organization. Individual remuneration shall be determined within the appropriate grade and shall be based on various factors such as job profile skill sets, seniority, experience and prevailing remuneration levels for equivalent jobs.

B. REMUNERATION TO DIRECTORS PAID DURING THE FINANCIAL YEAR 2020-21 AND OTHER DISCLOSURES:

(Rs. in Mn)

Name of the Director	Salary (Rs.)	Sitting Fees (Rs.)	Number of shares held	Service Contracts	Stock Option Details	Fixed Component	Performance Based Incentive
Mr. B.V.R Subbu	-	0.34	-	-	-	-	-
Mr. K. Krishna Aravamudan	-	0.54	-	-	-	-	-
Mr. V.G. Sekaran	-	0.50	-	-	-	-	-
Mrs. Ameeta Chatterjee	-	0.50	-	-	-	-	-
Mr. U.C Muktibodh	-	0.50	-	-	-	-	-
Mr. V. Nagarajan	-	0.42	-	-	-	-	-
Mr. P. Srinivas Reddy	85.00	0.01	13,92,903	2.25*	-	49	36
Mr. Mathew Cyriac	-	0.47	-	-	-	-	-
Mr. G.V Satish Kumar Reddy	-	0.39	-	-	-	-	-
Mr. A. Praveen Kumar Reddy	-	0.38	-	-	-	-	-

*Consultant fees paid for period April-20 to Aug-20

12. REMUNERATION POLICY:

The objectives of the remuneration policy are to motivate Directors to excel in their performance, recognize their contribution and retain talent in the organization and reward merit.

The remuneration levels are governed by industry pattern, qualifications and experience of the Directors, responsibilities should and individual performance.

13. ANNUAL GENERAL MEETINGS:

A. LOCATION, DATE AND TIME OF LAST THREE AGMS AND SPECIAL/ORDINARY RESOLUTIONS THERE AT AS UNDER:

Financial Year	Date	Time	Location	Special Resolution Passed
2019-20	30.09.2020	02:00 PM	Video Conferencing and Audio Visual Means	No
2018-19	09.08.2019	02:00 PM	18, Technocrats Industrial Estate, Balanagar, Hyderabad - 500037	No
2017-18	18.08.2018	03:00 PM	18, Technocrats Industrial Estate, Balanagar, Hyderabad - 500037	Yes

B. PASSING OF RESOLUTIONS BY POSTAL BALLOT

There were no resolutions passed by the Company through Postal Ballot during the financial year 2020-21.

14. MEANS OF COMMUNICATION

The Company regularly intimates its financial results, audited/limited reviewed, to the Stock Exchanges, as soon as the same are taken on record/approved.

In terms of the requirements of SEBI (Listing Obligations & Disclosures Requirements), the un-audited financial results as well as audited financial results, shareholding pattern of the Company and Corporate Governance Report are electronically submitted, unless there are technical difficulties and are displayed through

Corporate Filing and Dissemination System viz., on www.bseindia.com and www.nseindia.com. The un-audited financial results as well as audited financial results, shareholding pattern of the Company and Report on Corporate Governance are displayed on www.bseindia.com and www.nseindia.com.

All important information and official press releases are displayed on the website for the benefit of the public at large. Analysts 'Reports/ Research Report, if any, are also uploaded on the website of the Company. The Company's website can be accessed at www.mtar.in

15. GENERAL SHAREHOLDER INFORMATION:**A. ANNUAL GENERAL MEETING:**

The 22nd Annual General Meeting of the Company will be held as per the following schedule:

Day	Friday
Date	July 30, 2021
Time	03:00 P.M.
Venue	Through Video Conferencing / other audio video means

B. VENUE: FINANCIAL YEAR AND FINANCIAL YEAR CALENDAR 2020-21 (TENTATIVE SCHEDULE)

The financial calendar (tentative) shall be as under:

Financial Year	2021-22
First Quarterly Results	14.08.2021
Second Quarterly Results	14.11.2021
Third Quarterly Results	14.02.2022
Fourth Quarterly Results	30.05.2022
Annual General Meeting for year ending March 31, 2021	30.09.2022

C. DIVIDEND PAYMENT DATE: Interim Dividend of Rs. 3/- per share was paid for half year ended 30.09.2020.

The Board of Directors at their Meeting held on 02nd June 2021 has recommended final dividend of Rs. 3.00 per equity share for financial year 2020-21, subject to the approval from shareholders. The dividend if declared at the Annual General Meeting shall be paid on or after July 30, 2021 but within the statutory time limit, to the Members whose names appear on the Company's Register of Members as on the Record Date i.e., July 23, 2021, and in respect of the shares held in dematerialized mode, to the Members whose names are furnished by National Securities Depository Limited and Central Depository Services (India) Limited as beneficial owners as on that date.

D. NAME AND ADDRESS OF STOCK EXCHANGE WHERE THE COMPANIES SECURITIES ARE LISTED:

BSE Limited	NSE Limited,
P. J. Towers, Dalal Street	Exchange Plaza, Bandra Kurla Complex,
Mumbai-400001	Bandra (E), Mumbai- 400051.
(BSE Scrip Code: 543270)	(NSE Symbol: MTARTECH)

E. LISTING ON STOCK EXCHANGES:

The equity shares of the Company are listed on BSE Limited and NSE Limited. The Company has paid the listing fees for the year 2021-2022 to BSE Limited and NSE Limited.

F. STOCK MARKET PRICE DATA:**BSE Ltd**

Month	Open Price (in Rs.)	High Price (in Rs.)	Low Price (in Rs.)	Close Price (in Rs.)	No. of Shares Traded
March 2021	1,063.90	1,154.00	870.00	1,023.90	29,37,462

NSE Ltd

Month	Open Price (in Rs.)	High Price (in Rs.)	Low Price (in Rs.)	Close Price (in Rs.)	No. of Shares Traded
March 2021	1,050	1,154.90	860.00	1,023.70	2,97,98,000

G. REGISTRAR AND SHARE TRANSFER AGENTS:

Kfintech Technologies Limited,
Selenium Tower B, Plot 31 & 32,
Financial District, Nanakramguda,
Serilingampally Mandal,
Hyderabad – 500032,
Telangana
Email: einward.ris@kfintech.com
Website: <https://www.kfintech.com> / or <https://ris.kfintech.com/>

H. SHARE TRANSFER SYSTEM:

In terms of Regulation 40(1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, securities can be transferred only in dematerialized form with effect from April 01, 2019. Accordingly, 100% of the shares of the Company are held in Demat Form .

I. DISTRIBUTION OF SHAREHOLDING AS ON MARCH 31, 2021:

Category	Number of shareholders	%	Number of shares	Amount	%
1 - 5000	1,07,683	99.37	2,58,90,100.00	8.42	1,07,683
5001 - 10000	303	0.28	23,77,390.00	0.77	303
10001 - 20000	181	0.17	26,14,730.00	0.85	181
20001 - 30000	56	0.05	14,39,170.00	0.47	56
30001 - 40000	12	0.01	4,17,650.00	0.14	12
40001 - 50000	21	0.02	9,38,440.00	0.31	21
50001 - 100000	24	0.02	16,70,330.00	0.54	24
100001 & Above	87	0.08	27,22,48,100.00	88.51	87
Total:	1,08,367	100.00	30,75,95,910.00	100.00	1,08,367

J. DEMATERIALISATION & LIQUIDITY OF SHARES:

Trading in Company's shares is permitted only in dematerialized form for all investors. The ISIN allotted to the Company's scrip is INE864I01014. Investors are therefore advised to open a demat account with a Depository participant of their choice to trade in dematerialized form. Shares held in demat mode as on March 31, 2021 is as follows:

Particulars	No. of Shares	% Share Capital
NSDL	2,76,90,656	90.02
CDSL	30,68,935	9.98
Total	3,07,59,591	100.00

K. PLANT LOCATIONS:

S. No	Name of the Unit	Address
1	Unit - 1	18, Technocrats Industrial Estate, Balanagar, Hyderabad - 500037, Telangana
2	Unit - 2	Survey No. 149/P, IDA, Jagadgirigutta Road, Gandhinagar, Hyderabad-500037, Telangana
3	Unit - 3	Plot No. 97 & 100A, Co-operative Industrial Estate, (E.P), Gandhinagar, Hyderabad - 500037, Telangana.
4	Unit - 4	B-34, EEIE, Balanagar Township, Hyderabad - 500037, Telangana.
5	Unit - 5	58/C, PHASE-1, IDA JEEDMETLA, Hyderabad - 500055, Telangana.
6	EOU	Jagadgiri Gutta Road, Gandhinagar, Balanagar, Hyderabad 500 037, Telangana, India.
7	Unit - 6	Adibatla Hyderabad

L. REGISTERED OFFICE AND ADDRESS FOR CORRESPONDANCE:

Shubham Sunil Bagadia, (Company Secretary and Compliance Officer)

Address:

18, Technocrats Industrial
Estate, Balanagar,
Hyderabad - 500037
Telangana

M. BOOK CLOSURE DATE:

The date of Book Closure for the purpose of Annual General Meeting and determining the shareholders' entitlement for dividend shall be from July 24, 2021 to July 30, 2021 both days inclusive).

N. ELECTRONIC CONNECTIVITY: Demat ISIN Number: INE864I01014

O. NATIONAL SECURITIES DEPOSITORY LIMITED

Trade World, Kamala Mills Compound
Senapati Bapat Marg, Lower Parel
Mumbai - 400 013.

P. CENTRAL DEPOSITORY SERVICES (INDIA) LIMITED

Marathon Futurex, A-Wing,
25th floor, NM Joshi Marg,
Lower Parel, Mumbai 400013

Q. SHAREHOLDING PATTERN AS ON MARCH 31, 2021:

S. No	Category	No. Shares held	% of shareholding
A	Shareholding of Promoter and Promoter group		
1.	Indian		
	Individual	1,52,33,076	49.52
	Body Corporate	2,25,000	0.73
2.	Foreign		
	Individual		
	Sub-Total A	1,54,58,076	50.25
B.	Public Shareholding		
1.	Institutions	83,55,757	27.16
2.	Non-Institutions		
	a. Bodies Corporate	31,70,420	10.31
	b. Indian Public and Others	37,75,338	12.28
	Sub Total B	1,53,01,515	49.75
	Grand Total (A+B)	3,07,59,591	100.00

16. OTHER DISCLOSURES:**A. Outstanding Global Depository Receipts Or American Depository Receipts Or Warrants Or Any Convertible Instruments, Conversion Date And Likely Impact On Equity: NIL****B. Commodity Price Risk Or Foreign Exchange Risk And Hedging Activities:**

The company does not have any significant exposure to commodity price risk, foreign exchange risk and hedging activities.

C. DISCLOSURES ON MATERIALLY SIGNIFICANT RELATED PARTY TRANSACTIONS THAT MAY HAVE POTENTIAL CONFLICT WITH THE INTERESTS OF LISTED ENTITY AT LARGE

In line with the requirements of the Companies Act, 2013 and Listing Regulations, your Company has formulated a Policy on Related Party Transactions which is also available on Company's Website www.mtar.in. The Policy intends to ensure that proper reporting, approval and disclosure processes are in place for all transactions between the Company and Related Parties.

All Related Party Transactions are placed before the Audit Committee for review and approval. Prior omnibus approval is obtained for Related Party Transactions on a quarterly basis for transactions which are of repetitive nature and / or entered in the Ordinary Course of Business and are at Arm's Length. All Related Party Transactions are subjected to independent review by the statutory auditor to establish compliance with the requirements of Related Party Transactions under the Companies Act, 2013 and Listing Regulations.

All Related Party Transactions entered during the year were in Ordinary Course of the Business and on Arm's Length basis. No Material Related Party Transactions, Accordingly, the disclosure of Related Party Transactions as required under Section 134(3) (h) of the Companies Act, 2013 in Form AOC-1 annexed as Annexure X

D. AUDIT FEES (INCLUDING SUBSIDIARY):

The Audit Fee (including subsidiary) is as mentioned in the Financial Statements attached in the Financial Section to this Annual Report

E. DETAILS OF UTILIZATION OF FUNDS RAISED THROUGH PREFERENTIAL ALLOTMENT OR QUALIFIED INSTITUTIONS PLACEMENT AS SPECIFIED UNDER REGULATION 32 (7A):

The details of utilisation of funds raised through Pre-IPO (Preferential Allotment) and IPO are as mentioned in the Financial Statements attached in the Financial Section to this Annual Report.

Further, the company has not raised any funds through Qualified Institutional Placement.

F. Subsidiary Companies:

The Company does not have any material subsidiary as defined under Listing Regulations, however, the policy for determining its 'Material' Subsidiaries was formulated and the same is available on the website of the Company www.mtar.in.

G. DISCLOSURE OF PENDING CASES / INSTANCES OF NON-COMPLIANCE:

There were no non-compliances by the Company and no instances of penalties and strictures imposed on the Company by the Stock Exchanges or SEBI or any other statutory authority on any matter related to the capital market during the last three years.

H. DISCLOSURE IN RELATION TO THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013:

Particulars	Number
No. of Complaints filed during the financial year	Nil
No. of Complaints disposed of during the financial year	Nil
No. of Complaints pending as on end of the financial year	Nil

E. COMPLIANCE WITH THE DISCRETIONARY REQUIREMENTS UNDER LISTING REGULATIONS:

The Board of Directors periodically reviewed the compliance of all applicable laws and steps taken by the Company to rectify instances of non-compliance, if any. The Company is in compliance with all mandatory requirements of Listing Regulations. In addition, the Company has also adopted the following non-mandatory requirements to the extent mentioned below:

- **Audit qualifications:** Company's financial statements have no qualifications.
- **Reporting of Internal Auditor:** The Internal Auditor of the Company directly reports to the Audit Committee on functional matters.

The Company has submitted quarterly compliance report on Corporate Governance with the Stock Exchanges, in accordance with the requirements of Regulation 27(2) (a) of the Listing Regulations.

The Company is in compliance with the requirements stipulated under Regulation 17 to 27 read with Schedule V and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), as applicable, with regard to corporate governance.

**For and on behalf of the Board of
MTAR Technologies Limited**

Sd/-
B.V.R Subbu
Chairman
(DIN: 00289721)

Sd/-
P. Srinivas Reddy
Managing Director
(DIN: 00359139)

Place: Hyderabad
Date: June 02, 2021

Declaration on Code of Conduct as required by Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

I, P. Srinivas Reddy, Managing Director of the Company hereby declare that all the members of Board of Directors and Senior Management Personnel have affirmed compliance with Code of Conduct, as applicable to them, in respect of the financial year 2020-21.

For MTAR Technologies Limited

Sd/-
P. Srinivas Reddy
Managing Director
(DIN: 00359139)

Place: Hyderabad
Date: June 02, 2021

Practicing Company Secretary's Certificate on Directors

To
The Members of
MTAR Technologies Limited

In my opinion and to the best of my information and according to the explanations given to me, and the representations made by the Directors and the management, I certify that none of the directors on the Board of the Company has been debarred or disqualified from being appointed or continuing as directors of companies by the Board/Ministry of Corporate Affairs or any such statutory authority as on the date of this certificate.

Place: Hyderabad
Date: June 02, 2021

Sd/-
S. Sarveswar Reddy
ACS No. 12611
CP No. 7478
UDIN: A012611C000419248

ANNEXURE – VIII (A)

Statement Showing the Names of Top Ten Employees Pursuant to Sec. 197 Read With Rule 5 (1) (2) and (3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

1. The ratio of remuneration to each director to the median remuneration of the employees of the company for the financial year.

(Amount in Rs.)

Director	Total Remuneration	Ratio to median remuneration
Parvat Srinivas Reddy	85,00,000	1:0.06

- 2.. The percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year.

(Amount in Rs.)

Name	Designation	Remuneration		Increase/(Decrease) %
		FY 2020-21	FY 2019-20	
Sudipto Bhattacharya	Chief Financial Officer	29,18,469	NA	NA
Shubham Sunil Bagadia	Company Secretary	2,39,279	NA	NA

3. The percentage increase in the median remuneration of employees in the financial year

(Amount in Rs.)

Name	Remuneration		Increase/(Decrease) %
	FY 2020-21	FY 2019-20	
Median Remuneration of all the employees per annum*	5,31,901	4,22,895	26%

*Employees who have served for whole of the respective financial years have been considered.

4. **Particulars**
- | Particulars | Number |
|--|--------|
| The number of employees on the rolls of the company as on March 31, 2021 | 1178 |

5. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and details if there are any exceptional circumstances for increase in the managerial remuneration

Particulars	Increase/(Decrease) %
Average percentage increase in the remuneration of all Employees* (Other than Key Managerial Personnel)	10.38
Average Percentage increase in the Remuneration of Key Managerial Personnel	NA

*Employees who have served for whole of the respective financial years have been considered.

6. **Affirmation that the remuneration is as per the remuneration policy of the company.**

The Company is in compliance with its remuneration policy.

ANNEXURE – VIII (B)

Statement Showing the Names of the Top Ten Employees in Terms of Remuneration Drawn as per Rule 5 (3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

S No.	Name of the Employee	Designation of the employee	Remuneration received	Nature of employment whether contractual or otherwise	Qualification and experience of the employee	Date of commencement of employment	The age of the employee	The last employment held by such employee before joining the Company	The percentage of equity shares held by the employee in the Company within the meaning of clause (iii) of sub rule (2) of Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.	Whether any such employee is a relative of any director or manager of the Company and if so, name of such director or manager
1	Devesh Dhar Dwivedi	COO	58,28,724	Permanent	B.TECH+MBA, & 16 YEARS EXPERIENCE	16-09-2019	40	SMART AUTO SYSTEMS PRIVITE LIMITED	Nil	No
2	Pusparaj Satpathy	VICE PRESIDENT	35,29,281	Permanent	MA+MBA & 24 YEARS EXPERIENCE	11-12-2019	46	CENTURY ENKA LTD	Nil	No
3	D Sidda Reddy	GENERAL MANAGER	26,64,395	Permanent	M.TECH & 35 YEARS	25-07-2010	59	ITC	Nil	No
4	M.Anushman Reddy	HEAD EXPORTS	25,86,120	Permanent	MS, California + MBA	04-12-2016	29	Aerovironment	Nil	No
5	Niladri Sekhar Banerjee	HEAD QA	24,10,512	Permanent	B.TECH (MECH), IIT & 23 YEARS EXPERIENCE	11-05-2016	46	SCHLUMBERGER LTD	Nil	No
6	A.V.Sudhakara Reddy	GENERAL MANAGER	23,46,539	Permanent	B.TECH & 34 YEARS	18-01-1987	58	NA	Nil	No
7	Ch.Ramesh Reddy	DY GENERAL MANAGER	19,90,658	Permanent	37 YEARS OF RICH EXPERIENCE IN CIVIL NUCLEAR POWER SECTOR	12-04-1984	59	NA	Nil	No
8	Vara Prasad	GENERAL MANAGER	18,28,651	Permanent	B.E MECH & 28 YEARS EXPERIENCE	05-03-2020	53	THERMAL SYSTEMS	Nil	No
9	B.Lakshmana Babu	DY GENERAL MANAGER	17,92,796	Permanent	M.TECH & 35 YEARS	29-07-2016	56	SEC INDUSTRIES	Nil	No
10	Omank Naithani	KEY ACCOUNTS MANAGER	17,37,956	Permanent	BE-MECH, PG CERT MANAGEMENT & 11 YEARS EXPERIENCE	23-11-2019	33	L&T DEFENCE	Nil	No

(Amount in Rs.)

ANNEXURE – IX

CFO Certification in respect of Financial Statements and Cash Flow Statement

(Pursuant to Regulation 17 (8) of SEBI (Listing Obligations & Disclosure Requirements), Regulations, 2015 For the Financial Year ended March 31, 2021

We have reviewed the Financial Statements and the Cash Flow Statement for the year ended March 31, 2021 and we hereby certify and confirm to the best of our knowledge and belief the following:

- a. The Financial Statements and Cash Flow statement do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
- b. The Financial Statements and the Cash Flow Statement together present a true and fair view of the affairs of the Company and are in compliance with existing accounting standards, applicable laws and regulations.
- c. There are no transactions entered in to by the Company during the year ended March 31, 2021 which are fraudulent, illegal or violative of Company's Code of Conduct.
- d. We accept responsibility for establishing and maintaining internal controls for Financial Reporting and we have evaluated the effectiveness of these internal control systems of the Company pertaining to financial reporting. Deficiencies noted, if any, are discussed with the Auditors and Audit Committee, as appropriate, and suitable actions are taken to rectify the same.
- e. There have been no significant changes in the above mentioned internal controls over financial reporting during the relevant period.
- f. That there have been no significant changes in the accounting policies during the relevant period.
- g. We have not noticed any significant fraud particularly those involving the, management or an employee having a significant role in the Company's internal control system over Financial Reporting.

Place: Hyderabad
Date: June 02, 2021

Sd/-
Sudipto Bhattacharya
Chief Financial Officer (CFO)

Certificate on Corporate Governance

To
The Members Of
MTAR Technologies Limited

We have examined the compliance of the conditions of Corporate Governance by MTAR Technologies Limited ('the Company') for the year ended on March 31, 2021, as stipulated under Regulations 17 to 27, clauses (b) to (i) of sub-regulation (2) of Regulation 46 and para-C, D & E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Listing Regulations').

The compliance of the conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to the review of procedures and implementation thereof, as adopted by the Company for ensuring compliance with conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, and the representations made by the Directors and the Management and considering the relaxations granted by the Ministry of Corporate Affairs and Securities and Exchange Board of India warranted due to the spread of the COVID-19 pandemic, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the SEBI Listing Regulations for the year ended on March 31, 2021.

We further state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

Place: Hyderabad
Date: June 02, 2021

Sd/-
S. Sarveswar Reddy
M.No. A12611
CP No. 7478
UDIN: A012611C000419270

ANNEXURE X

FORM AOC - 1

Statement Containing Salient Features of the Financial Statements of Subsidiaries (Pursuant to proviso to sub-section (3) of section 129 read with Rule 5 of the Companies (Accounts) Rules, 2014)

1. Name of the Subsidiaries: Magnatar Aero Systems Private Limited
2. Reporting Period: 01.04.2020 to 31.03.2021
3. Reporting Currency: Indian Rupee

*Co. was incorporated on 04.11.2019.

(Amount in Rupees)

S. No.	Particulars	Magnatar Aero System Private Limited
1.	Share Capital	(1,00,000)
2.	Reserves and surplus	(1,72,577)
3.	Total Assets	1,13,584
4.	Total Liabilities	1,13,584
5.	Investments	-
6.	Turnover	-
7.	Profit / loss before Taxation	(1,72,577)
8.	Provision for Taxation	-
9.	Profit / loss after Taxation	(1,72,577)
10.	Proposed Dividend	0.00
11.	% of Shareholding	100.00

The following information shall be furnished at the end of the statement:

1. Names of Subsidiaries which are yet to commence operation: None
2. Names of subsidiaries which have been liquidated or sold during the year: None

FINANCIAL STATEMENTS

Independent Auditors' Report

To
The Members of
MTAR Technologies Limited

Report on the Audit of the Standalone Financial Statements Opinion

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

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

Basis for Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Standalone Financial Statements' section of our report. We are independent of the Company in accordance with the 'Code of Ethics' issued by the Institute of Chartered

Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements for the financial year ended March 31, 2021. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the standalone financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the standalone financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying standalone financial statements.

Key Audit Matters	How our audit addressed the key audit matter
<p>Revenue recognition (as described in note 2.2(f) and 19 of the standalone financial statements)</p> <p>Revenue from contracts with customer is recognised when control of the goods is transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods. During the year ended March 31, 2021, the Company has recognised revenue amounting to Rs. 1,135.12 million and Rs. 1,297.17 million from domestic and export sales respectively.</p> <p>The point at which control passes is determined based on the terms and conditions by each customer arrangement i.e. delivery specifications including incoterms in case of exports. The risk is, therefore, that revenue may not get recognised in the correct period.</p>	<p>Our audit procedures, among others included the following:</p> <ul style="list-style-type: none"> • Assessed the Company's revenue recognition policy in terms of Ind AS 115 ("Revenue from Contracts with Customers"). • Obtained an understanding, assessed the design and tested the operating effectiveness of internal controls related to revenue recognition. • Performed the following tests for a sample of transactions <ul style="list-style-type: none"> o tested supporting documentation for sales transactions recorded during the year which included sales invoices, customer contracts/ sales orders, shipping documents and other related documents. o verified whether the recognition of revenue is in accordance with the incoterms / when the conditions for revenue recognitions are satisfied.

Key Audit Matters	How our audit addressed the key audit matter
Revenue recognition (as described in note 2.2(f) and 19 of the standalone financial statements)	
Accordingly, due to the significant risk associated with revenue recognition in accordance with terms of Ind AS 115 'Revenue from contracts with customers', it has been determined to be a key audit matter in our audit of the standalone financial statements.	<ul style="list-style-type: none"> • Tested the supporting documentation for sample of sales transactions recorded during the period closer to the year end and subsequent to the year end to agree the period of revenue recognition to underlying documents as referred above. • Assessed the relevant disclosures made in the standalone financial statements.

Other Information

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

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

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

Responsibilities of Management for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a

going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

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

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

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of

the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements for the financial year ended March 31, 2021 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

- (c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
- (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
- (e) On the basis of the written representations received from the directors as on March 31, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164 (2) of the Act;
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company with reference to these standalone financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
- (g) In our opinion, the managerial remuneration for the year ended March 31, 2021 has been paid / provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;
- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements – Refer Note 31(b) to the standalone financial statements;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

per Navneet Rai Kabra

Partner

Place of Signature: Hyderabad

Membership Number: 102328

Date: June 02, 2021

UDIN: 21102328AAAADS2721

Annexure 1, referred to in paragraph 1 of our report of even date

Re: MTAR Technologies Limited (formerly known as "MTAR Technologies Private Limited") ('the Company')

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (i) (b) All fixed assets have not been physically verified by the management during the year, but there is a regular programme of verification which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (i) (c) According to the information and explanations given by the management and audit procedures performed by us, the title deeds of immovable properties included in property, plant and equipment are held in the name of the Company.
- (ii) The management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies were noticed on such physical verification.
- (iii) According to the information and explanations given to us and audit procedures performed by us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii)(a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, provisions of section 185 and 186 of the Companies Act 2013 in respect of loans to directors including entities in which they are interested and in respect of loans and advances given, investments made and, guarantees, and securities given have been complied with by the company.
- (v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- (vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Companies Act, 2013, related to the manufacture high precision machinery, and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.
- (vii) (a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, duty of custom, goods and service tax, cess and other statutory dues have generally been regularly deposited with the appropriate authorities though there has been a slight delay in a few cases.
- (vii) (b) According to the information and explanations given to us and audit procedures performed by us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, duty of custom, goods and service tax, cess and other statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (vii) (c) According to the information and explanations given to us, there are no dues of income tax, customs duty, goods and service tax and cess which have not been deposited on account of any dispute.
- (viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of loans or borrowing to a bank. The Company did not have any loans or borrowing in respect of a financial institution or to government or debenture holders during the year.
- (ix) In our opinion and according to information and explanations given by the management and audit procedures performed by us, monies raised by the Company by way of initial public offer ("IPO") and term loans were applied for the purpose for which they were raised, though idle/surplus funds from IPO which were not required for immediate utilization have been gainfully invested in deposits with monitoring agency. The maximum amount of idle/surplus funds from IPO and private placement of shares through pre-IPO invested during the year including was Rs 1550.00 million, of which Rs 1,540.23 million was outstanding at the end of the year.
- (x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no

fraud by the Company or no fraud on the Company by the officers and employees of the Company has been noticed or reported during the year.

- (xi) According to the information and explanations given by the management and audit procedures performed by us, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- (xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.
- (xiii) According to the information and explanations given by the management and audit procedures performed by us, transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.
- (xiv) According to the information and explanations given by the management and audit procedures performed by us, the Company has complied with provisions of section 42 of the Companies Act, 2013 in respect of the private placement of shares during the year. According to the information and explanations given by the management, we report that the

amounts raised, have been used for the purposes for which the funds were raised, though idle/surplus funds which were not required for immediate utilization have been gainfully invested in deposits with monitoring agency. The maximum amount of idle/surplus funds from IPO and private placement of shares through pre-IPO invested during the year including was Rs 1550 million, of which Rs 1,540.23 million was outstanding at the end of the year.

- (xv) According to the information and explanations given by the management and audit procedures performed by us, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of Companies Act, 2013.
- (xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

per Navneet Rai Kabra

Partner

Place of Signature: Hyderabad

Membership Number: 102328

Date: June 02, 2021

UDIN: 21102328AAAADS2721

Annexure 2 to the Independent Auditor's Report of even date on the Standalone Financial Statements of Mtar Technologies Limited

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

We have audited the internal financial controls with reference to standalone financial statements of MTAR Technologies Limited (formerly known as "MTAR Technologies Private Limited") ("the Company") as of March 31, 2021 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and

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

preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to these standalone financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, as specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to these standalone financial statements was established and maintained and if such controls operated effectively in all material respects.

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

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

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

A company's internal financial controls with reference to standalone financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to standalone financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail,

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

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

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

Opinion

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to standalone financial statements and such internal financial controls with reference to standalone financial statements were operating effectively as at March 31, 2021, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

per Navneet Rai Kabra

Partner

Place of Signature: Hyderabad

Membership Number: 102328

Date: June 02, 2021

UDIN: 21102328AAAADS2721

Standalone balance sheet as at March 31, 2021

(All amounts are in Indian rupees in millions except share data and unless otherwise stated)

	Notes	As at March 31, 2021	As at March 31, 2020
ASSETS			
Non-current assets			
Property, plant and equipment	3	1,661.16	1,549.61
Capital work-in-progress	3.1	105.20	117.34
Intangible assets	3	9.48	1.39
Investment in subsidiary	4	0.10	0.10
Financial assets			
Investments	4	0.10	0.10
Others	5	21.24	32.98
Non-current tax assets (net)	6	5.00	6.19
Other non-current assets	7	75.48	39.88
		1,877.76	1,747.59
Current assets			
Inventories	8	1,025.44	754.59
Financial assets			
Trade receivables	9	772.78	616.37
Cash and cash equivalents	10	1,802.87	135.44
Bank balances other than cash and cash equivalents	11	106.13	96.98
Others	5	126.66	16.66
Other current assets	7A	151.58	95.08
		3,985.46	1,715.12
Total assets		5,863.22	3,462.71
EQUITY AND LIABILITIES			
Equity			
Equity share capital	12	307.59	267.59
Other equity	13	4,459.98	1,983.18
		4,767.57	2,250.77
Liabilities			
Non-current liabilities			
Financial Liabilities			
Borrowings	16	71.26	-
Provisions	14	3.59	23.81
Deferred tax liabilities (net)	15	126.93	53.07
		201.78	76.88
Current liabilities			
Financial liabilities			
Borrowings	16	48.51	291.33
Trade payables	17		
- dues of micro, small and medium enterprises		5.74	-
- dues of creditors other than micro, small and medium enterprises		341.70	305.55
Other financial liabilities	16A	76.44	2.13
Provisions	14	25.23	34.34
Current tax liabilities (net)	6	2.74	9.23
Other current liabilities	18	393.51	492.48
		893.87	1,135.06
Total equity and liabilities		5,863.22	3,462.71
Summary of significant accounting policies	2.2		

The accompanying notes are an integral part of the standalone financial statements.

As per our report of even date

For S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

ICAI Firm registration number: 101049W/E300004

per Navneet Rai Kabra

Partner

Membership no:102328

Place: Hyderabad

Date: June 02, 2021

For and on behalf of the Board of Directors of
**MTAR Technologies Limited (formerly known as
MTAR Technologies Private Limited)**

Parvat Srinivas Reddy

Managing Director

DIN : 00359139

Sudipto Bhattacharya

Chief Financial Officer

Venkatasathishkumar Reddy Gangapatnam

Director

DIN : 06535717

Shubham Sunil Bagadia

Company Secretary

Membership no: ACS-55748

Standalone statement of profit and loss for the year ended March 31, 2021

(All amounts are in Indian rupees in millions except share data and unless otherwise stated)

	Notes	For the year ended March 31, 2021	For the year ended March 31, 2020
INCOME			
Revenue from operations	19	2,464.32	2,137.74
Other income	20	13.10	43.68
Total income		2,477.42	2,181.42
EXPENSES			
Cost of materials consumed	21	1,017.54	872.55
Changes in inventories of work-in-progress	22	(216.01)	(150.88)
Employee benefit expense	23	530.40	516.26
Finance costs	24	70.01	47.53
Depreciation and amortisation expense	25	125.57	120.48
Other expenses	26	301.47	320.15
Total expenses		1,828.98	1,726.09
Profit before tax		648.44	455.33
Tax expense	27		
Current tax		110.25	78.11
Adjustment of tax relating to earlier years		1.00	1.44
Deferred tax charge		76.36	62.60
Total tax expense		187.61	142.15
Profit for the year		460.83	313.18
Other comprehensive income (OCI)			
OCI not to be reclassified to profit or loss in subsequent years:			
Re-measurement gains/ (losses) on defined benefit plans		(8.57)	(33.82)
Income tax effect		2.50	9.85
OCI for the year, net of tax		(6.07)	(23.97)
Total comprehensive income for the year		454.76	289.21
Earnings per equity share of Rs. 10 each fully paid	28		
Basic and diluted, computed on the basis of profit attributable to equity holders		17.00	11.11
Summary of significant accounting policies	2.2		

The accompanying notes are an integral part of the standalone financial statements.

As per our report of even date

For S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

ICAI Firm registration number: 101049W/E300004

per Navneet Rai Kabra

Partner

Membership no:102328

Place: Hyderabad

Date: June 02, 2021

For and on behalf of the Board of Directors of

MTAR Technologies Limited (formerly known as

MTAR Technologies Private Limited)

Parvat Srinivas Reddy

Managing Director

DIN : 00359139

Sudipto Bhattacharya

Chief Financial Officer

Venkatasatishkumar Reddy Gangapatnam

Director

DIN : 06535717

Shubham Sunil Bagadia

Company Secretary

Membership no: ACS-55748

Standalone statement of changes in equity for the year ended March 31, 2021

(All amounts are in Indian rupees in millions except share data and unless otherwise stated)

a) Equity share capital

(₹ in crores)

Equity shares of Rs. 10 each, issued, subscribed and fully paid up	No. of shares	Amount
As at April 01, 2019	2,82,14,132	282.14
Add: Issued during the year	-	-
Less: Equity shares bought back during the year (refer note 1 below)	(14,54,541)	(14.55)
As at March 31, 2020	2,67,59,591	267.59
Add: Issued during the year (refer note 38)	40,00,000	40.00
As at March 31, 2021	3,07,59,591	307.59

b) Other equity

(₹ in crores)

Particulars	Securities premium	Capital redemption reserve	Retained earnings	Total
As at April 01, 2019	1,315.43	-	752.25	2,067.68
Profit for the year	-	-	313.18	313.18
Amount utilised towards buy back of equity shares (refer note 1 below)	(203.64)	-	-	(203.64)
Amount transferred on account of buy back of equity shares (refer note 1 below)	(14.55)	14.55	-	-
Equity dividend paid and tax thereon	-	-	(170.07)	(170.07)
Other comprehensive loss for the year	-	-	(23.97)	(23.97)
As at March 31, 2020	1,097.24	14.55	871.39	1,983.18
Profit for the year	-	-	460.83	460.83
Premium received on issue of equity shares (refer note 38)	2,195.19	-	-	2,195.19
Share issue expenses (refer note 38)	(92.87)	-	-	(92.87)
Equity dividend	-	-	(80.28)	(80.28)
Other comprehensive income for the year	-	-	(6.07)	(6.07)
As at March 31, 2021	3,199.56	14.55	1,245.88	4,459.98

Note 1

The Board of Directors at its meeting held on January 27, 2020, approved the Buy Back of 2,658,621 equity shares at a price of Rs. 123.21 per share for a total value of Rs. 327.56 being 9.42% of the paid-up Equity Share Capital and free reserves of the Company. Accordingly, during the year ended March 31, 2020, the Company has bought-back 1,454,541 equity shares at a price of Rs. 123.21 per share for an aggregate amount of Rs. 179.21. Further, the Company has paid buy back tax of Rs. 38.98 during the year ended March 31, 2021. The extinguishment of shares was completed in October 2020. The nominal value of equity shares bought back and extinguished amounting to Rs. 14.55 has been reduced from the paid up equity share capital and a corresponding amount has been transferred from Securities Premium to Capital Redemption Reserve as per Section 69 of the Companies Act, 2013. The premium paid for buy-back amounting to Rs. 203.64 (including the buy back tax) has been appropriated from the Securities Premium.

The accompanying notes are an integral part of the standalone financial statements.

As per our report of even date

For S.R. BATLIBOI & ASSOCIATES LLP
Chartered Accountants
ICAI Firm registration number: 101049W/E300004

For and on behalf of the Board of Directors of
MTAR Technologies Limited (formerly known as
MTAR Technologies Private Limited)

per Navneet Rai Kabra
Partner
Membership no:102328

Parvat Srinivas Reddy
Managing Director
DIN : 00359139

Venkatasatishkumar Reddy Gangapatnam
Director
DIN : 06535717

Place: Hyderabad
Date: June 02, 2021

Sudipto Bhattacharya
Chief Financial Officer

Shubham Sunil Bagadia
Company Secretary
Membership no: ACS-55748

Standalone statement of cash flows for the year ended March 31, 2021

(All amounts are in Indian rupees in millions except share data and unless otherwise stated)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	648.44	455.33
Adjustments to reconcile profit before tax to net cash flows		
Depreciation and amortisation expense	125.57	120.48
Provision for doubtful receivable and advances	-	14.77
Bad debts written off	-	1.82
Finance costs	70.01	47.53
Liabilities no longer required written back	-	(4.26)
Unrealised exchange gain	(11.17)	(16.80)
Interest income	(13.10)	(9.96)
Operating profit before working capital changes	819.75	608.91
Movements in working capital:		
Increase in trade receivables	(146.60)	(90.06)
Increase in inventories	(270.85)	(343.88)
(Increase) / decrease in current and non current financial assets	(74.62)	115.27
Increase in other current and non current assets	(68.98)	(39.29)
Increase in trade payables	41.89	250.01
(Decrease)/increase in other current liabilities	(59.99)	122.87
(Decrease) / increase in provisions	(37.90)	10.50
Cash generated from operations	202.70	634.33
Income tax paid (net of refunds)	(116.55)	(72.44)
Net cash flows from operating activities (A)	86.15	561.89
B. CASH FLOW USED IN INVESTING ACTIVITIES		
Purchase of property, plant and equipment, including intangible assets, capital work in progress, capital creditors and capital advances	(228.33)	(118.89)
Investment in subsidiary	-	(0.10)
Investment in bank deposits (net)	(5.81)	(10.81)
Interest received	12.64	9.17
Net cash flows used in investing activities (B)	(221.50)	(120.63)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Dividend and dividend distribution tax paid	(80.28)	(170.07)
Buy back amount paid including buyback tax	(38.98)	(179.21)
Equity shares issued during the year (net of expenses) (refer note 38)	2,127.10	-
IPO Expenses reimbursable	(21.05)	-
Proceeds from long term borrowings, including current maturities	133.76	-
Repayment of long term borrowings, including current maturities	(12.50)	-
Repayment of short term borrowings (net)	(242.82)	(4.95)
Finance costs paid	(63.81)	(59.26)
Net cash flows from / (used in) financing activities (C)	1,801.42	(413.49)
Net increase in cash and cash equivalents (A+B+C)	1,666.07	27.77
Effect of exchange differences on cash & cash equivalents held in foreign currency	1.36	-
Cash and cash equivalents at the beginning of the year	135.44	107.67
Cash and cash equivalents at the end of the year	1,802.87	135.44

Standalone statement of cash flows for the year ended March 31, 2021

(All amounts are in Indian rupees in millions except share data and unless otherwise stated)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Components of cash and cash equivalents		
Cash on hand	0.32	0.21
Balance with banks:		
Current accounts	19.95	0.90
On Monitoring account*	61.59	-
Deposits with monitoring agency for amount received for reimbursement of expenses with original maturity of less than 3 months*	9.77	-
Deposits with monitoring agency for amount received for IPO and Pre-IPO with original maturity of less than 3 months#	1,540.23	-
Deposits with original maturity of less than three months	171.01	134.33
Total cash and cash equivalents	1,802.87	135.44
* INR 71.36 is towards IPO expenses and are not earmarked towards the unutilised IPO proceeds.		
# The amount is earmarked as monitoring agency account balance towards unutilised IPO proceeds. Refer note 38.		
Summary of significant accounting policies	2.2	

The accompanying notes are an integral part of the interim standalone financial statements.

As per our report of even date

For S.R. BATLIBOI & ASSOCIATES LLP
Chartered Accountants
ICAI Firm registration number: 101049W/E300004

For and on behalf of the Board of Directors of
**MTAR Technologies Limited (formerly known as
MTAR Technologies Private Limited)**

per Navneet Rai Kabra
Partner
Membership no:102328

Parvat Srinivas Reddy
Managing Director
DIN : 00359139

Venkatasathishkumar Reddy Gangapatnam
Director
DIN : 06535717

Place: Hyderabad
Date: June 02, 2021

Sudipto Bhattacharya
Chief Financial Officer

Shubham Sunil Bagadia
Company Secretary
Membership no: ACS-55748

Notes to the standalone financial statements for the year ended March 31, 2021

(All amounts are in Indian rupees in millions except share data and unless otherwise stated)

1 Corporate Information

MTAR Technologies Limited (formerly known as "MTAR Technologies Private Limited") ("MTAR" or "the Company") was a private limited company domiciled in India, and incorporated on November 11, 1999 under the provisions of the erstwhile Companies Act, 1956 replaced with Companies Act 2013 ("Act") w.e.f April 1, 2014 with its registered office at 18, Technocrats Industrial Estate, Balanagar, Hyderabad, Telangana, India 500037. The Company is engaged in the business of manufacturing high precision and heavy equipment, components, machines for sectors including nuclear, aerospace, defence, etc. The Company has become a Public Limited Company w.e.f. November 2, 2020 and consequently the name of the Company has changed from MTAR Technologies Private Limited to MTAR Technologies Limited. The Company listed its shares in both BSE and NSE on March 15, 2021.

2 Significant accounting policies

These notes provide a list of the significant accounting policies adopted in the preparation of these financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The Standalone financial statements for the year ended March 31, 2021 comprising of Standalone balance sheet as at March 31, 2021, Standalone statement of profit and loss, including the Standalone statement of other comprehensive income, Standalone cash flow statement and Standalone statement of changes in equity for the year ended, and a summary of explanatory notes (together hereinafter referred to as "financial statements") have been prepared in accordance with Indian Accounting Standards ("Ind AS") notified under Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015, as amended and other accounting principles generally accepted in India and presentation requirements of Division II of Schedule III of the Companies Act, 2013.

The financial statements has 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), and
- Defined benefits plan - plan assets measured at fair value

The financial statements are presented in Indian Rupees "INR" or "Rs." and all values are stated as INR millions, except when otherwise indicated.

2.2 Summary of significant accounting policies

a) Amended standards

Several amendments apply for the first time for the year ended March 31, 2021, but do not have significant impact on the financial statements of the Company.

b) 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

Notes to the standalone financial statements for the year ended March 31, 2021

(All amounts are in Indian rupees in millions except share data and unless otherwise stated)

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

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."

c) Property, plant and equipment

Freehold land is carried at cost, net of tax / duty credit availed, net of accumulated impairment, if any. All other items of property, plant and equipment are stated at cost, net of tax / duty credit availed, less accumulated depreciation and accumulated impairment losses, if any. Cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimated costs of dismantling and removing the item and restoring the site on which it located. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. 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. All other repair and maintenance costs are recognised in the statement of profit and loss as incurred.

Capital work-in-progress (CWIP) includes cost of property, plant and equipment under installation/ under development, net of accumulated impairment loss, if any, as at the balance sheet date.

Directly attributable expenditure incurred on project under implementation are shown under CWIP. At the point when an asset is capable of operating in the manner intended by management, the capital work in progress is transferred to the appropriate category of property, plant and equipment.

Cost of assets not ready for use at the balance sheet date are disclosed under capital work-in-progress. Capital work in progress is stated at cost, net of accumulated impairment loss, if any. Amounts paid towards the acquisition of property, plant and equipment outstanding as of each reporting date are recognised as capital advance.

Depreciation is calculated on a straight-line basis using the rates arrived at based on the useful lives estimated by the management, which is equal to the life prescribed under the Schedule II to the Companies Act, 2013.

The useful lives estimated by the management are given below:

Category of Asset	Estimated useful life (years)
Property, plant and equipment	
Buildings	30
Plant and machinery	15
Electrical equipment	5
Furniture and fixtures	10
Office equipment	5
Computers	3/ 6 years
Vehicles	8

The residual value, useful life and methods of depreciation of property, plant and equipment are reviewed at each financial period end and adjusted prospectively, if appropriate.

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. Gains and losses upon disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within "other (income)/expense, net" in the statement of profit and loss.

d) Intangible assets

Costs relating to computer software, which is acquired, are capitalised and amortised on a straight-line basis over their estimated useful lives of three years.

Notes to the standalone financial statements for the year ended March 31, 2021

(All amounts are in Indian rupees in millions except share data and unless otherwise stated)

Gains or losses arising from de-recognition 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 and loss when the asset is derecognised.

e) Inventories

Inventories are valued at the lower of cost and net realizable value after providing for obsolescence and other losses, where considered necessary. Cost of inventories comprises all cost of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

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

- i. Raw materials : Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis.
- ii. Finished goods and work-in-progress: Cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity but excluding borrowing costs. Cost is determined on weighted average basis.

f) Revenue

(i) Revenue from contract with customers

Revenue from contracts with customer 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. The Company has concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

Revenue is measured at the fair value of the consideration received or receivable. Amount disclosed as revenue are net of returns, trade allowances, rebates. Amounts collected on behalf of third parties such as Goods and service Tax (GST) are excluded from revenue.

The specific recognition criteria described below must also be met before revenue is recognised.

Sale of goods

Revenue is recognised at the point in time when control of the goods is passed to the customer. The point at which control passes is determined based on the terms and conditions by each customer arrangement. The contracts that Company enters into relate to sales order containing single performance obligations for the delivery of goods as per Ind AS 115. Transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring goods to a customer. Variable consideration is estimated using the expected value method or most likely amount as appropriate in a given circumstance. Payment terms agreed with a customer are as per business practice and there is no financing component involved in the transaction price. The Company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated.

Contract Balances

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

Trade receivable

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

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the

Notes to the standalone financial statements for the year ended March 31, 2021

(All amounts are in Indian rupees in millions except share data and unless otherwise stated)

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.

(ii) Export benefits

Export benefits are recognised where there is reasonable assurance that the benefit will be received and all attached conditions will be complied with. Export benefits on account of export promotion schemes are accrued and accounted in the period of export and are included in other operating revenue.

(iii) Interest income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

g) 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 groups 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.

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

Impairment losses of continuing operations, including impairment on inventories, are recognised in the statement of profit and loss, except for properties previously revalued with the revaluation surplus taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation surplus. 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 periods. Such reversal is recognised in the statement of profit and loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

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) Foreign currency transactions

Items included in the financial statements of Company are measured using currency of the primary economic environment in

Notes to the standalone financial statements for the year ended March 31, 2021

(All amounts are in Indian rupees in millions except share data and unless otherwise stated)

which the Company operates ("the functional currency"). The financial statements are presented in Indian rupees (INR), which is the functional currency of the Company.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Company in INR at spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at INR spot rates of exchange at the reporting date. Exchange differences arising on settlement or translation of monetary items are recognised in the statement of profit and 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. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively)."

In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Company initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Company determines the transaction date for each payment or receipt of advance consideration.

j) 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

Initial recognition and measurement

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

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

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

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. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

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

Notes to the standalone financial statements for the year ended March 31, 2021

(All amounts are in Indian rupees in millions except share data and unless otherwise stated)

Subsequent measurement

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

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.

This category is the most relevant to the Company. 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 profit or loss.

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

Debts Instrument at FVTPL

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

In addition, the Company may elect to designate a debt instrument, which otherwise meets amortised 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 recognised in the statement of profit and loss

Financial assets at fair value through profit or loss

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

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

Equity instruments designated at fair value through OCI

Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under Ind AS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis. Equity instruments which are held for trading are classified as at FVTPL.

Notes to the standalone financial statements for the year ended March 31, 2021

(All amounts are in Indian rupees in millions except share data and unless otherwise stated)

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

Investment in Subsidiary:

The Company has elected to recognize its investments in subsidiary at cost less accumulated impairment loss, if any in accordance with the option available in Ind AS 27, 'Separate Financial Statements'. Cost represents amount paid for acquisition of the said investments.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to profit or loss. The details of such investment are given in Note 4. Refer to the accounting policies in (g) Impairment of non-financial assets.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised 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 or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement_ and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. 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. 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.

Impairment of financial assets

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms. ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition.

ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

For trade receivables and contract assets, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Notes to the standalone financial statements for the year ended March 31, 2021

(All amounts are in Indian rupees in millions except share data and unless otherwise stated)

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, or as 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.

Subsequent measurement

The measurement of financial liabilities is as described below:

Loans and borrowings

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

De-recognition

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

Reclassification of financial instruments

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Company's senior management determines change in the business model as a result of external or internal changes which are significant to the Company's operations. Such changes are evident to external parties. A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

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.

k) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating officer/ chief executive officer. The chief operating officer/ chief executive officer is responsible for allocating resources and assessing performance of the operating segments and accordingly is identified as the chief operating decision maker.

l) Fair value measurement

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

Notes to the standalone financial statements for the year ended March 31, 2021

(All amounts are in Indian rupees in millions except share data and unless otherwise stated)

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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

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

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

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

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

- Disclosures for valuation methods, significant estimates and assumptions (notes 32)
- Investment in unquoted equity shares (note 4)
- Financial instruments (including those carried at amortised cost) (notes 5, 9, 10, 11, 16, 16A, 17, 33, 36)

m) 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 India.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

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

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

Notes to the standalone financial statements for the year ended March 31, 2021

(All amounts are in Indian rupees in millions except share data and unless otherwise stated)

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

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred 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.

The Company offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

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 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.

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

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

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

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

n) Retirement and other employee benefits

Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognizes contribution payable to the provident fund scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognised as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognised as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

The cost of providing benefits under the defined benefit plan is determined based on actuarial valuation 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 statement of profit and loss in subsequent periods.

Notes to the standalone financial statements for the year ended March 31, 2021

(All amounts are in Indian rupees in millions except share data and unless otherwise stated)

Past service costs are recognised in statement of profit and 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

The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred. The Company presents the leave as a current liability in the balance sheet, as it does not have an unconditional right to defer its settlement for 12 months after the reporting date.

o) Provisions and Contingent Liabilities

"Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost."

A contingent liability is possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Company does not recognise the contingent liability but discloses its existence in the financial statements.

p) Earnings per Share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

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

q) 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.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above are considered an integral part of the Company's cash management.

r) Cash dividend to equity holders of the Company

The Company recognises a liability to make cash distributions to equity holders of the Company when the distribution is authorised and the distribution is no longer at the discretion of the Company. Final dividends on shares are recorded as a liability on the date of approval by the shareholders and Interim dividends are recorded as a liability on the date of declaration by the Company's Board of Directors. A corresponding amount is recognised directly in equity.

Notes to the standalone financial statements for the year ended March 31, 2021

(All amounts are in Indian rupees in millions except share data and unless otherwise stated)

Note 3 : Property, plant and equipment and intangible assets

	Freehold land	Buildings	Plant and machinery	Electrical equipment	Furniture and fixtures	Office equipment	Computers	Vehicles	Total Property, plant and equipment	Intangible assets - software	Total
Gross carrying amount											
As at April 01, 2019	467.14	292.16	1,133.38	17.48	17.37	5.77	16.20	6.13	1,955.63	22.67	1,978.30
Additions during the year	-	0.36	44.51	-	0.46	0.57	2.39	0.66	48.95	0.65	49.60
Disposals during the year	-	-	-	-	-	-	-	-	-	-	-
As at March 31, 2020	467.14	292.52	1,177.89	17.48	17.83	6.34	18.59	6.79	2,004.58	23.32	2,027.90
Additions during the year	-	125.27	98.23	1.59	0.66	1.12	7.77	-	234.64	10.57	245.21
Disposals during the year	-	-	-	-	-	-	-	-	-	-	-
As at March 31, 2021	467.14	417.79	1,276.12	19.07	18.49	7.46	26.36	6.79	2,239.22	33.89	2,273.11
Accumulated depreciation and amortisation											
As at April 01, 2019	-	34.43	250.69	16.61	11.33	5.46	14.31	2.35	335.18	21.24	356.42
Charge for the year	-	11.94	104.67	-	1.67	0.07	0.86	0.58	119.79	0.69	120.48
Disposals for the year	-	-	-	-	-	-	-	-	-	-	-
As at March 31, 2020	-	46.37	355.36	16.61	13.00	5.53	15.17	2.93	454.97	21.93	476.90
Charge for the year	-	12.81	105.59	0.06	1.72	0.18	2.10	0.63	123.09	2.48	125.57
Disposals for the year	-	-	-	-	-	-	-	-	-	-	-
As at March 31, 2021	-	59.18	460.95	16.67	14.72	5.71	17.27	3.56	578.06	24.41	602.47
Net block											
As at March 31, 2021	467.14	358.61	815.17	2.40	3.77	1.75	9.09	3.23	1,661.16	9.48	1,670.64
As at March 31, 2020	467.14	246.15	822.53	0.87	4.83	0.81	3.42	3.86	1,549.61	1.39	1,551.00

Certain land and buildings are subject to a first charge to secure the Company's bank loans. (refer note 16)

Note 3.1 : Capital work in progress

Particulars	Amount
As at April 01, 2019	56.17
Add: Additions (subsequent expenditure)	73.71
Less: Amount written off /adjustment	(11.62)
Less: Capitalised during the year	(0.92)
As at March 31, 2020	117.34
Additions (subsequent expenditure)	138.32
Capitalised during the year	(150.41)
Less: Amount written off /adjustment	(0.05)
As at March 31, 2021	105.20

Notes to the standalone financial statements for the year ended March 31, 2021

(All amounts are in Indian rupees in millions except share data and unless otherwise stated)

4 Investments

	As at March 31, 2021	As at March, 31 2020
Non-current		
Unquoted equity shares		
(a) In wholly owned subsidiary (at cost)		
Magnatar Aero Systems Private Limited		
[99,800 (March 31, 2020: 99,800) equity shares of par value Rs. 1 each fully paid]	0.10	0.10
	0.10	0.10
(b) Others (at fair value through profit or loss)		
Samuha Engineering Industries Limited		
[10,000 (March 31, 2020: 10,000) equity shares of par value Rs. 10 each fully paid]	0.10	0.10
	0.10	0.10
Aggregate amount of unquoted investments - in wholly owned subsidiary	0.10	0.10
Aggregate amount of unquoted investments - in others	0.10	0.10

5 Financial assets - others

Unsecured, considered good unless stated otherwise

	As at March 31, 2021	As at March, 31 2020
Non-current		
Retention money	-	13.92
Security deposits	15.91	13.88
Non-current bank balances (refer note 11)	5.00	5.00
Interest accrued on bank deposits	0.33	0.18
	21.24	32.98
Current		
Contract asset - unbilled revenue	12.43	12.43
Security deposit	29.82	-
Retention money	56.30	-
Interest accrued on bank deposits	4.23	3.92
Amount recoverable from IPO Proceeds lying in Escrow account*	23.18	-
Loans and advances to employees	0.70	0.31
	126.66	16.66

*Balance pertain to receivable on account of IPO expenses to be reimbursed and un-utilised proceeds from fresh issue of equity shares from the balances lying in IPO Escrow Account (Secured) (refer note 38).

6 Non current tax assets (net) / current tax liabilities (net)

	As at March 31, 2021	As at March, 31 2020
Non-current tax asset (net)		
Advance income tax (net)	5.00	6.19
Liability for current tax		
Tax liability	(2.74)	(9.23)
	2.26	(3.04)

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

Notes to the standalone financial statements for the year ended March 31, 2021

(All amounts are in Indian rupees in millions except share data and unless otherwise stated)

7 Other non-current assets

	As at March 31, 2021	As at March, 31 2020
Non-current		
Unsecured, considered good		
Prepaid expenses	14.98	14.32
Advance for capital goods	34.97	16.61
Balances recoverable from government authorities	25.53	8.95
	75.48	39.88
Unsecured, considered doubtful		
Balances recoverable from government authorities	12.97	12.97
Less: Provision for doubtful receivable	(12.97)	(12.97)
	-	-

Movement in provision for doubtful receivable

	For the year ended March 31, 2021	For the year ended March 31, 2020
Balance at the beginning of the year	12.97	-
Provision made during the year	-	12.97
Balance at the end of the year	12.97	12.97

7A Other current assets

	As at March 31, 2021	As at March, 31 2020
Current		
Unsecured, considered good		
Advance to related parties (refer note 35)	0.16	0.03
Advance to suppliers	49.14	34.28
Prepaid expenses	24.39	26.03
Export benefits receivable	28.08	21.70
Balances recoverable from government authorities	49.81	13.04
	151.58	95.08

8 Inventories (at lower of cost and net realisable value)

	As at March 31, 2021	As at March, 31 2020
Raw materials	452.21	397.37
[Includes in transit: Rs. 158.88 (March 31, 2020: Rs. 84.18)]		
Work-in-progress	573.23	357.22
	1,025.44	754.59

Write down of inventories to net realisable value amounted to Rs. 15.84 (March 31, 2020: Rs. 21.52). These were recognised as an expense during the year and included in 'cost of materials consumed and changes in inventories of work-in-progress'.

Notes to the standalone financial statements for the year ended March 31, 2021

(All amounts are in Indian rupees in millions except share data and unless otherwise stated)

9 Trade receivables

	As at March 31, 2021	As at March, 31 2020
Current		
Unsecured considered good	772.78	616.37
Trade receivables - Credit impaired	-	1.81
Less: allowance for credit losses	-	(1.81)
	772.78	616.37

No trade or other receivable are due from directors or other officers of the Company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.

The Company considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

Movement in expected credit loss

	For the year ended March 31, 2021	For the year ended March 31, 2020
Balance at the beginning of the year	1.81	-
Provision made during the year, net of reversals	-	1.81
Bad debts written off against opening provision during the year	(1.81)	-
Balance at the end of the year	-	1.81

10 Cash and cash equivalents

	As at March 31, 2021	As at March, 31 2020
Cash on hand	0.32	0.21
Balances with banks		
On current accounts	19.95	0.90
On Monitoring agency account*	61.59	-
Deposits with monitoring agency for amount received for reimbursement of expenses with original maturity of less than 3 months*	9.77	-
Deposits with monitoring agency for amount received for IPO and private placement of shares through pre-IPO with original maturity of less than 3 months#	1,540.23	-
Deposits with original maturity less than 3 months	171.01	134.33
	1,802.87	135.44

* INR 71.36 is towards IPO expenses and are not earmarked towards the unutilised IPO proceeds.

The amount is earmarked as monitoring agency account balance towards unutilised IPO proceeds. Refer note 38.

Notes to the standalone financial statements for the year ended March 31, 2021

(All amounts are in Indian rupees in millions except share data and unless otherwise stated)

11 Balances at bank other than cash and cash equivalents

	As at March 31, 2021	As at March, 31 2020
Earmarked Balance with Bank on Dividend account*	3.34	-
Margin money deposits**		
Deposits with original maturity for more than three months but remaining maturity of less than twelve months	102.79	96.98
Deposits with remaining maturity of more than twelve months	5.00	5.00
Less: Amount clubbed under 'non current financial assets - others' (refer note 5)	(5.00)	(5.00)
	106.13	96.98

* Can be utilised only for payment of dividend

** Margin money deposits represent security held by bank for the bank guarantees of Rs. 886.68 (March 31, 2020: Rs. 814.76) issued by the bankers on behalf of the Company.

Breakup of financial assets carried at fair value through profit or loss:

	As at March 31, 2021		As at March 31, 2020	
	Carrying value	Fair value	Carrying value	Fair value
Investments in unquoted equity shares (Others)	0.10	0.10	0.10	0.10

Breakup of financial assets carried at amortised cost:

	As at March 31, 2021		As at March 31, 2020	
	Carrying value	Fair value	Carrying value	Fair value
Trade receivables	772.78	772.78	616.37	616.37
Cash and cash equivalent	1,802.87	1,802.87	135.44	135.44
Balances at bank other than cash and cash equivalents	106.13	106.13	96.98	96.98
Retention money	56.30	56.30	13.92	13.92
Security deposits	45.73	45.73	13.88	13.88
Non-current bank balances	5.00	5.00	5.00	5.00
Amount recoverable from IPO Proceeds lying in Escrow account	23.18	23.18	-	-
Contract asset - unbilled revenue	12.43	12.43	12.43	12.43
Interest accrued	4.56	4.56	4.10	4.10
Loans and advances to employees	0.70	0.70	0.31	0.31
Total financial assets carried at amortised cost	2,829.68	2,829.68	898.43	898.43

The management assessed that cash and cash equivalents and trade receivables approximate their carrying amounts largely due to the short-term maturities of these instruments. The fair value of the financial assets is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

For financial assets that are measured at fair value, the carrying amounts are equal to the fair values. The fair value of security deposits and other non-current financial assets were calculated based on cash flows discounted using current lending rate. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including counterparty credit risk.

Notes to the standalone financial statements for the year ended March 31, 2021

(All amounts are in Indian rupees in millions except share data and unless otherwise stated)

12. Equity share capital

	As at March 31, 2021		As at March 31, 2020	
	Number of shares	Amount	Number of shares	Amount
Authorised share capital				
Equity shares of Rs. 10 each	6,60,00,000	660.00	6,60,00,000	660.00
Issued, subscribed and fully paid up shares				
Equity shares of Rs. 10 each	3,07,59,591	307.59	2,67,59,591	267.59

(a) Reconciliation of equity shares outstanding at beginning and at end of the year:

	As at March 31, 2021		As at March 31, 2020	
	Number of shares	Amount	Number of shares	Amount
At the beginning of the year	2,67,59,591	267.59	2,82,14,132	282.14
Issued during the year (Refer Note 38)	40,00,000	40.00	-	-
Bought Back during the year (refer note below)	-	-	(14,54,541)	(14.55)
At the end of the year	3,07,59,591	307.59	2,67,59,591	267.59

(i) The Board of Directors at its meeting held on January 27, 2020, approved the Buy Back of 2,658,621 equity shares at a price of Rs. 123.21 per share for a total value of Rs. 327.56 being 9.42% of the paid-up Equity Share Capital and free reserves of the Company. Accordingly, during the year ended March 31, 2020, the Company has bought-back 1,454,541 equity shares at a price of Rs. 123.21 per share for an aggregate amount of Rs. 179.21. Further, the Company has paid buy back tax of Rs. 38.98 during the year ended March 31, 2020. The extinguishment of shares were completed in October 2020. The nominal value of equity shares bought back and extinguished amounting to Rs. 14.55 has been reduced from the paid up equity share capital and a corresponding amount has been transferred from Securities Premium to Capital Redemption Reserve as per Section 69 of the Companies Act, 2013. The premium paid for buy-back amounting to Rs. 203.64 (including the buy back tax) has been appropriated from the Securities Premium.

(b) Rights, preferences and restrictions attached to shares

The Company has one class of equity shares having a par value of Rs.10 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

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

Name of the shareholder	As at March 31, 2021		As at March 31, 2020	
	Number of shares	%	Number of shares	%
(i) Fabmohur Advisors LLP	25,86,740	8.41%	83,71,040	31.28%
(ii) Vamshidhar Reddy Kalleem	20,91,559	6.80%	20,91,483	7.82%
(iii) K. Shalini	20,91,483	6.80%	20,91,483	7.82%
(iv) Pravat Srinivas Reddy*	-	0%	16,92,903	6.33%
(v) Leelavathi Parvatha Reddy*	17,18,712	5.59%	-	0%
(vi) SBI Magnum Children's Benefit Fund-Investment Plan*	17,31,687	5.63%	-	0%

* Represents shareholding less than 5% in current / previous year

As per records of the Company, including its register of shareholders/members, the above shareholding represents both legal and beneficial ownership of shares.

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

- There are no equity shares issued as bonus and shares issued for consideration other than cash during the period of five years immediately preceding the reporting date.
- During the year ended March 31, 2020, the Company has bought back 1,454,541 equity shares of Rs. 10 each.

Notes to the standalone financial statements for the year ended March 31, 2021

(All amounts are in Indian rupees in millions except share data and unless otherwise stated)

13 Other equity

	As at March 31, 2021	As at March, 31 2020
Securities premium		
Balance at the beginning of the year	1,097.24	1,315.43
Less: Amount utilised towards buy back of equity shares (refer 12 (a) (i))	-	(203.64)
Add: Premium received on issue of shares (refer note 38)	2,195.19	-
Less: Share issue expenses (refer note 38)	(92.87)	-
Less: Transferred to capital redemption reserve (refer 12 (a) (i))	-	(14.55)
Balance at the end of the year	3,199.56	1,097.24
Capital redemption reserve		
Balance at the beginning of the year	14.55	-
Add: Transferred from securities premium reserve on buy back of equity shares (refer 12 (a) (i))	-	14.55
Balance at the end of the year	14.55	14.55
Retained earnings		
Balance at the beginning of the year	871.39	752.25
Add: Other comprehensive loss for the year	(6.07)	(23.97)
Add: Profit for the year	460.83	313.18
Less: Appropriations		
Equity dividend @ Rs. 3 per share (March 31, 2020: Rs. 5 per share)	(80.28)	(141.07)
Tax on equity dividend	-	(29.00)
Balance at the end of the year	1,245.87	871.39
	4,459.98	1,983.18

Nature and purpose of reserves

Security premium represents the amount received in excess of par value of equity shares. Section 52 of Companies Act, 2013 specifies regulation around application of premiums received on issue of shares. Accordingly, the Company has applied securities premium to write off Company's share of expenses incurred on fresh issue of equity shares.

Capital redemption reserve represents the amount of profits transferred from securities premium for the buy back of equity shares. The reserve can be utilised only for limited purposes in accordance with the provisions of the Companies Act, 2013.

Retained earnings are the profits that the Company has earned till date, less dividends or other distributions paid to shareholders. Retained earnings includes re-measurement loss / (gain) on defined benefit plans, net of taxes that will not be reclassified to Statement of Profit and Loss. Retained earnings is a free reserve available to the Company and eligible for distribution to shareholders.

14. Provisions

	As at March 31, 2021	As at March, 31 2020
Non-current		
Provision for Employee Benefits		
- Gratuity (refer note 29)	3.59	23.81
	3.59	23.81
Current		
Provision for Employee Benefits		
- Gratuity (refer note 29)	12.23	13.34
- Compensated absences	13.00	21.00
	25.23	34.34

15. Deferred tax liabilities (net)

	As at March 31, 2021	As at March, 31 2020
Deferred tax liability arising on account of timing differences relating to:		
Written down value difference of property, plant and equipment and Intangible assets between tax and financial books	199.56	201.66
	199.56	201.66
Deferred tax asset arising on account of timing differences relating to:		
Expenses allowed on payment basis	14.30	22.03
MAT credit entitlement	58.33	126.56
	72.63	148.59
Deferred tax liability (net)	126.93	53.07

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

Break up of deferred tax (asset) / liabilities

	Opening Balance	Recognised in the statement of profit and loss	Recognised in OCI	Closing balance
For the year ended March 31, 2021:				
Written down value difference of property, plant and equipment and Intangible assets between tax and financial books	201.66	(2.10)	-	199.56
Expenses allowed on payment basis	(22.03)	10.23	(2.50)	(14.30)
MAT credit entitlement*	(126.56)	68.23	-	(58.33)
	53.07	76.36	(2.50)	126.93
For the year ended March 31, 2020:				
Written down value difference of property, plant and equipment and Intangible assets between tax and financial books	205.15	(3.49)	-	201.66
Expenses allowed on payment basis	(7.44)	(4.74)	(9.85)	(22.03)
MAT credit entitlement*	(146.92)	20.36	-	(126.56)
Carry forward of unabsorbed depreciation loss	(50.47)	50.47	-	-
	0.32	62.60	(9.85)	53.07

*The Company is confident of utilising the MAT Credit balance before the expiry of the statutory time limit i.e. between financial year 2032-33 and 2033-34.

Notes to the standalone financial statements for the year ended March 31, 2021

(All amounts are in Indian rupees in millions except share data and unless otherwise stated)

16. Borrowings

	As at March 31, 2021	As at March, 31 2020
Non-current		
Secured bank loans		
Long-term loan	71.26	-
Current maturity of long-term loans	50.00	-
	121.26	-
Less: Amount clubbed under "other financial liabilities" (refer note 16A)	(50.00)	-
	71.26	-
Current		
Secured bank loans		
Cash Credit	48.51	122.46
Export Packing credit (USD)	-	168.87
	48.51	291.33

- The Long-term loan including current maturities of Rs. 121.26 (sanctioned amount Rs. 250.00) (March 31, 2020: Rs. Nil) from a bank is secured against all property, plant and equipment purchased by utilising the term loan funds. Further the borrowing is secured by collateral security against inventories, trade receivables, and all other charges on current assets of the present and future current assets of the Company. Interest will be charged @2.25% over 1 year MCLR. The loan is repayable in 19 equal quarterly instalment of Rs. 6.38 + Interest commencing from April 2021 payable quarterly. The Company has not fully drawn the loan facility as at March 31, 2021 and accordingly the number of instalments may vary.
- Cash credit, export packing credit facility (USD) and Short term loan aggregating to Rs. 48.51 (March 31, 2020 : Rs. 291.33) is secured against inventories, trade receivables, and all other charges on current assets of the present and future current assets of the Company. Further the borrowing is secured by collateral security on the certain land and building of the Company.
The cash credit facility is repayable on demand and carries interest @ 9.85% p.a. (March 31, 2020 : 10.05% to 12.30% p.a.).
The export packing credit in USD carries interest @ 2.5% to 3.95% P.a. (March 31, 2020: 3%) repaid in the month of December 2020.

The reconciliation between the opening and the closing balances for liabilities arising from financing activities (long term borrowings, including current maturities and short term borrowings) is as follows:

	Opening balance	Proceeds / (repayment) (net)	Forex loss / (gain)	Closing balance
For the year ended March 31, 2021				
Short term	291.33	(242.82)	-	48.51
Long term including current maturities	-	121.26	-	121.26
For the year ended March 31, 2020				
Short term	287.31	(4.95)	8.97	291.33
Long term including current maturities	-	-	-	-

16A Other financial liabilities

	As at March 31, 2021	As at March, 31 2020
Payable for capital goods	23.10	-
Current maturity of long-term loans (refer note 16)	50.00	-
Dividend payable*	3.34	-
Interest payable	-	2.13
	76.44	2.13

* There are no amounts due and outstanding to be credited to Investor Education and Protection Fund.

Notes to the standalone financial statements for the year ended March 31, 2021

(All amounts are in Indian rupees in millions except share data and unless otherwise stated)

17. Trade payable

	As at March 31, 2021	As at March, 31 2020
- dues of micro, small and medium enterprises	5.74	-
- dues of creditors other than micro, small and medium enterprises	341.70	305.55
	347.44	305.55

Disclosure pertaining to Micro, Small And Medium Enterprises (as per information available with the Company)

	As at March 31, 2021	As at March, 31 2020
Principal amount outstanding as at end of year	5.74	-
Principal amount overdue more than 45 days	0.29	-
Interest due and unpaid as at end of year	-	-
Interest paid to the supplier	-	-
Payments made to the supplier beyond the appointed day during the year	-	-
Interest due and payable for the year of delay	-	-
Interest accrued and remaining unpaid as at end of year	-	-
Amount of further interest remaining due and payable in succeeding year	-	-

The above disclosure has been determined to the extent such parties have been identified on the basis of information available with the Company.

Breakup of financial liabilities carried at amortised cost:

	As at March 31, 2021		As at March 31, 2020	
	Carrying value	Fair value	Carrying value	Fair value
Borrowings - Non current including current maturities	121.26	121.26	-	-
Borrowings - current	48.51	48.51	291.33	291.33
Payable for capital goods	23.10	23.10	-	-
Dividend payable	3.34	3.34	-	-
Interest payable	-	-	2.13	2.13
Trade payables	347.44	347.44	305.55	305.55
	543.65	543.65	599.01	599.01

"The management assessed that trade payables, current borrowings and other financial liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments. The fair value of the financial liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The fair value of non-current borrowings are based on discounted cash flow using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy due to the use of unobservable inputs, including own credit risk

18. Other liabilities

	As at March 31, 2021	As at March, 31 2020
Current		
Statutory remittances	22.45	52.22
Contract liability - Advance from customers	369.48	438.68
Others	1.58	1.58
	393.51	492.48

Notes to the standalone financial statements for the year ended March 31, 2021

(All amounts are in Indian rupees in millions except share data and unless otherwise stated)

19. Revenue from operations

	For the year ended March 31, 2021	For the year ended March 31, 2020
(A) Revenue from contracts with customers		
Sale of products	2,432.29	2,084.50
Sale of service	-	0.08
	2,432.29	2,084.58
(B) Other operating revenue		
- Export benefits	26.62	40.27
- Others	5.41	12.89
	32.03	53.16
(A+B)	2,464.32	2,137.74

(i) Disaggregated revenue information

Set out below is the disaggregation of the Company's revenue from contracts with customers:

	For the year ended March 31, 2021	For the year ended March 31, 2020
India	1,135.12	675.76
Outside India	1,297.17	1,408.82
	2,432.29	2,084.58
Timing of revenue recognition		
Goods transferred at a point of time	2,432.29	2,084.50
Service transferred over a period of time	-	0.08
Total	2,432.29	2,084.58

(ii) Contract balances

	As at March 31, 2021	As at March, 31 2020
Trade receivable	772.78	616.37
Retention money	56.30	13.92
Contract asset		
Unbilled revenue	12.43	12.43
Contract liability		
Advance from customers	369.48	438.68

The performance obligation is satisfied when control of the goods are transferred to the customers based on the contractual terms. Payment terms with customers vary depending upon the contractual terms of each contract.

Trade receivables and retention money are non-interest bearing. Refer note 9 for details on expected credit loss.

Unbilled revenue are initially recognised for revenue earned from transfer of goods and services but not billed to customer because the work completed has to meet requirements of various milestones as set out in the contract with customers. Upon fulfilling the milestones and acceptance by the customer, the amounts recognised as contract assets are reclassified to trade receivables.

Advance from customers pertain to balance received as advance from various parties as certain percentage of the order value. The same will be adjusted against the order on the basis of delivery and collection of receivables.

There is no difference in the contract price negotiated and the revenue recognised in the statement of profit and loss. There is no significant revenue recognised in the current year from performance obligations satisfied in previous years.

(iii) Amounts included in contract liabilities at the beginning of the period recognised as revenue in the current period of Rs. 130.06 (March 31, 2020: Rs. 87.24). Generally the advance from customers are settled over a period of 1 to 3 years.

Notes to the standalone financial statements for the year ended March 31, 2021

(All amounts are in Indian rupees in millions except share data and unless otherwise stated)

20. Other income

	For the year ended March 31, 2021	For the year ended March 31, 2020
Foreign exchange gain (net)	-	29.06
Interest on bank deposits	13.10	9.01
Interest on income tax refund	-	0.95
Liabilities no longer required written back	-	4.26
Miscellaneous income	-	0.40
	13.10	43.68

21. Cost of materials consumed

	For the year ended March 31, 2021	For the year ended March 31, 2020
Inventory at the beginning of the year	397.37	204.37
Add: Purchases	1,072.38	1,065.55
Less: Inventory at the end of the year	(452.21)	(397.37)
	1,017.54	872.55

22. Changes in inventories of work-in-progress

	For the year ended March 31, 2021	For the year ended March 31, 2020
Inventory at the beginning of the year	357.22	206.34
Less: Inventory at the end of the year	(573.23)	(357.22)
	(216.01)	(150.88)

23. Employee benefits expenses

	For the year ended March 31, 2021	For the year ended March 31, 2020
Salaries, wages and bonus	489.01	472.78
Contribution to provident and other funds (refer note 29 (II))	24.28	27.32
Gratuity expense (refer note 29 (I))	10.08	8.22
Staff welfare expenses	7.03	7.94
	530.40	516.26

24. Finance costs

	For the year ended March 31, 2021	For the year ended March 31, 2020
Interest expenses		
- Short term borrowings	33.64	14.89
- Long term borrowings	4.91	-
- Others	2.43	4.79
Bank charges	29.03	27.85
	70.01	47.53

Notes to the standalone financial statements for the year ended March 31, 2021

(All amounts are in Indian rupees in millions except share data and unless otherwise stated)

25. Depreciation and amortisation expenses

	For the year ended March 31, 2021	For the year ended March 31, 2020
Depreciation on property, plant and equipment	123.09	119.79
Amortisation on intangible assets	2.48	0.69
	125.57	120.48

26. Other expenses

	For the year ended March 31, 2021	For the year ended March 31, 2020
Sub-contractor charges	76.95	78.60
Production expenses	30.10	31.12
Power and fuel	67.09	72.35
Material testing charges	3.06	3.04
Repairs and maintenance		
- Buildings	15.45	9.17
- Plant and machinery	17.73	22.98
- Others	3.12	3.06
Insurance	7.97	6.39
Rates and taxes	15.84	9.68
Communication	1.34	1.36
Travelling and conveyance	3.00	5.70
Printing and stationery	1.11	1.39
Foreign exchange loss (net)	2.46	-
Freight and forwarding	2.74	4.11
Provision for doubtful receivables and advances	-	14.78
Business promotion	2.63	2.57
Legal and professional charges	20.63	33.32
Security charges	8.17	7.90
Payment to auditors (refer below)	1.85	1.85
Bad debts written off	-	1.82
CSR expenses	7.00	-
Miscellaneous expenses	13.23	8.96
	301.47	320.15

Payment to auditors

	For the year ended March 31, 2021	For the year ended March 31, 2020
Statutory audit*	1.85	1.70
Other services	-	0.15
	1.85	1.85

* Net of Rs 14.75 for the year ended March 31, 2021 accrued towards IPO.

Corporate Social Responsibility (CSR)

The gross amount to be spent by the Company on Corporate Social Responsibility (CSR) during the year is Rs. 6.80 (March 31, 2020 - Rs. 2.08). Amount spent by the Company for CSR activities during the year is Rs. 7.00 (March 31, 2020 - Rs. Nil)

Notes to the standalone financial statements for the year ended March 31, 2021

(All amounts are in Indian rupees in millions except share data and unless otherwise stated)

27. Tax expense

a) Income tax expense:

The major components of income tax expense

(i) Profit or loss section

	For the year ended March 31, 2021	For the year ended March 31, 2020
A. Current tax	110.25	78.11
B. Deferred tax		
Tax expense on origination and reversal of temporary difference	8.13	42.24
MAT credit utilisation / (entitlement)	68.23	20.36
Actual tax expense accounted in books	186.61	140.71
C. Adjustment of tax relating to earlier periods	1.00	1.44
Income tax expense recognised in the statement of profit and loss	187.61	142.15

(ii) OCI section

	For the year ended March 31, 2021	For the year ended March 31, 2020
Income tax expense to OCI	2.50	9.85

b) Reconciliation of effective tax rate:

	For the year ended March 31, 2021	For the year ended March 31, 2020
Profit before tax (A)	648.44	455.33
Enacted tax rate in India (B)	29.12%	29.12%
Expected tax expenses (C = A*B)	188.83	132.59
Tax effect of		
Adjustments for taxes with respect of earlier period	1.00	1.44
Expenses disallowed under Income Tax Act, 1961	1.78	8.87
Others	(4.00)	(0.75)
Total (D)	(1.22)	9.56
Expected tax expenses (C+D)	187.61	142.15
Income tax expenses	187.61	142.15
Effective tax rate	28.93%	31.22%

28 Earnings per share (EPS)

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

	For the year ended March 31, 2021	For the year ended March 31, 2020
Profit attributable to equity share holders	460.83	313.18
Weighted average number of equity shares in calculating basic and diluted EPS	2,71,01,346	2,81,94,261
Face value of each equity share (Rs.)	10.00	10.00
Basic and diluted earnings per share	17.00	11.11

Notes to the standalone financial statements for the year ended March 31, 2021

(All amounts are in Indian rupees in millions except share data and unless otherwise stated)

29 Employment benefit plans

I. Defined benefits plan

The Employees' Gratuity Fund Scheme managed by a trust is a defined benefit gratuity plan which is administered through gratuity scheme with Life Insurance Corporation of India. Every employee who has completed five years or more of service gets gratuity, on retirement / termination, at 15 days last drawn salary for each completed year of service subject to a maximum of Rs. 2.00. The following tables summarise 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 gratuity benefit.

A) Net employee benefit expense (recognised in employee benefits expense)

	For the year ended March 31, 2021	For the year ended March 31, 2020
Current service cost	8.04	7.74
Interest cost on defined benefit obligation	9.71	8.05
Interest (Income) on Plan Assets	(7.67)	(7.57)
Net employee benefit expenses	10.08	8.22

B) Amount recognised in the statement of other comprehensive income (OCI)

	For the year ended March 31, 2021	For the year ended March 31, 2020
Remeasurements - due to financial assumptions	8.80	19.16
Remeasurements - due to experience adjustments	1.47	0.29
Return on plan assets	(1.70)	8.04
Net employee benefit expenses	8.57	27.49

C) Amount recognised in the balance sheet

	As at March 31, 2021	As at March, 31 2020
Defined benefit obligation	146.84	140.97
Fair value of plan assets	131.02	103.82
Net defined benefit liability	15.82	37.15

D) Changes in the present value of the defined benefit obligation

	As at March 31, 2021	As at March, 31 2020
Opening defined benefit obligation	140.97	112.45
Interest cost	9.71	8.05
Current service cost	8.04	7.74
Net actuarial (losses) / gains on obligations recognised under OCI	7.10	27.20
Benefit Payments from plan assets	(18.98)	(14.47)
Closing defined benefit obligation	146.84	140.97

E) Changes in the fair value of plan assets

	As at March 31, 2021	As at March, 31 2020
Opening fair value of plan assets	103.82	101.30
Interest Income	7.67	7.57
Remeasurements - return on assets	(1.47)	(0.29)
Contributions by employer	39.98	9.71
Benefit Payments from plan assets	(18.98)	(14.47)
Closing fair value of plan assets	131.02	103.82

Expected contribution to the gratuity fund during the next year would be Rs. 15.86 (March 31, 2020: Rs. 16.02)

Notes to the standalone financial statements for the year ended March 31, 2021

(All amounts are in Indian rupees in millions except share data and unless otherwise stated)

29 Employment benefit plans (contd...)

Investment details of plan assets

	As at March 31, 2021	As at March, 31 2020
Investment with insurer - Assets under Schemes of Insurance	100.00%	100.00%

(i) The principal assumptions used in determining gratuity obligation

	As at March 31, 2021	As at March, 31 2020
Discount rate	6.89%	6.71%
Rate of increase in compensation	5.00%	5.00%
Employee attrition rate	5.00%	5.00%
Mortality rate	Indian assured life mortality (2012-14)	Indian assured life mortality (2012-14)

(ii) Disclosure related to indication of effect of the defined benefit plan on the Company's future cash flow

	As at March 31, 2021	As at March, 31 2020
1 year	12.27	13.34
2-5 years	68.27	63.32
6-10 years	77.88	72.91

The weighted average duration of the defined benefit obligation is 10.07 years (March 31, 2020: 9.98 years).

(iii) Sensitivity analysis:

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

	As at March 31, 2021	As at March, 31 2020
(a) Effect of 1% change in assumed discount rate		
- 1% increase	(8.85)	(8.53)
- 1% decrease	9.98	9.59
(b) Effect of 1% change in rate of increase in compensation		
- 1% increase	10.85	10.43
- 1% decrease	(9.80)	(9.46)
(c) Effect of 1% change in assumed attrition rate		
- 1 % increase	1.04	0.88
- 1 % decrease	(1.16)	(1.00)

II. Defined contribution plans

The Company made Provident Fund and other funds contributions to defined contribution plans for qualifying employees. Under the Schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognised Rs. 24.28 (March 31, 2020: Rs. 27.32) for Provident Fund contributions in the Statement of Profit and Loss. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.

- III. The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified and the final rules/interpretation have not yet been issued. The Company will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.
- IV. In respect of Provident fund (PF), there are numerous interpretative issues relating to the Supreme Court (SC) Judgement on PF dated February 28, 2019. As a matter of caution, the Company has made prospective compliance from financial year 2019-20. The Company will update its position, on receiving further clarity on this subject.

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(All amounts are in Indian rupees in millions except share data and unless otherwise stated)

30 The Company is closely monitoring the impact of COVID-19 pandemic on all aspects of its business, including how it will impact its customers, employees, vendors and business partners. The Company based on the information available to date, both internal and external, considered the uncertainty relating to the COVID-19 pandemic in assessing its impact. Based on the current estimates, the Company expects to fully recover the carrying amount of assets and does not foresee any significant material adverse impact on its operations. As the outbreak continues to evolve, the Company will continue to closely monitor any material changes to future economic condition.

31 Commitments and contingencies

a. Commitments

Estimated amount of contracts (net of advances) remaining to be executed on capital account and not provided for: INR 209.29 (March 31, 2020: INR 142.73).

b. Contingent liabilities

- (i) Claims against the Company not acknowledged as debts (excluding interest arrears) is amounting to INR 22.67 for March 31, 2020 (March 31, 2020: INR 21.20)
- (ii) The Company has not made certain filings with the Reserve Bank of India (RBI) as per the requirements of applicable foreign exchange related laws. In the current year, the Company made compounding application as part of the process of taking corrective action to comply with the applicable foreign exchange laws. The management of the Company, based on its internal assessment and legal advice, believes that the impact of the above non-compliance will not be material to the standalone financial statements.

32 Significant accounting judgements, estimates and assumptions

The preparation of financial statements in conformity with the recognition and measurement principles of Ind AS requires management to make judgements, estimates and assumptions that affect the reported balances 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. There are no significant areas involving a high degree of judgement or complexity.

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 period, 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.

i. Defined benefit plans (gratuity benefits)

The cost of the defined benefit gratuity plan and the present value of the gratuity 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 long-term 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 for plans operated in India, 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. Rate of increase in compensation are based on expected future inflation. Further details about gratuity obligations are given in Note 29.

ii. Taxes

Deferred tax asset, comprising of Minimum Alternative Tax ("MAT") credit is recognised to the extent that it is probable that the Company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward and sufficient taxable profit will be available against which the MAT credit can be utilised. Significant management judgement is required to determine the amount of MAT credit that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

iii. Depreciation of property, plant and equipment and amortization of Intangible assets

Depreciation of property, plant and equipment and amortization of Intangible assets is calculated on a straight-line basis using the rates arrived at based on the useful lives and residual values as estimated by the management. The management

Notes to the standalone financial statements for the year ended March 31, 2021

(All amounts are in Indian rupees in millions except share data and unless otherwise stated)

believes that depreciation and amortization rates currently used fairly reflect its estimate of the useful lives and residual values of property, plant and equipment and Intangible assets.

33 Financial risk management objectives and policies

The Company's principal financial liabilities comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include trade receivables, other financial assets, cash and cash equivalent and balance at bank other than cash and cash equivalent. The Company is exposed to credit risk, market risk and liquidity risk. The Company has a risk management policy and its management is supported by a risk management committee that advises on risk and appropriate financial risk governance framework for the Company. The risk management committee provides assurance to the Company's management that the risk activities are governed by appropriate policies and procedures and that risks are identified, measured and managed in accordance with the Company's policies and risk objectives. The Board of Directors reviews and agrees policies for managing each of these risks.

A. Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables), cash and cash equivalent, balance at bank other than cash and cash equivalent and other financial assets. The Company deals with parties which has good credit rating/worthiness given by external rating agencies or based on Company's internal assessment. The major customers are usually the Government parties and export customers with high credit worthiness.

Exposure to credit risk

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer and the carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk was (i) INR 841.51 (March 31, 2020: INR 642.72), being the total of the carrying amount of balances with trade receivables (including retention money and unbilled revenue) (ii) cash and cash equivalent (excluding cash on hand), balance at bank other than cash and cash equivalent, non-current bank balances and interest accrued of INR 1,918.24 (March 31, 2020: INR 241.31) and (iii) other financial assets of INR 69.61 (March 31, 2020: INR 14.19)

The measurement of impaired credit for carrying amount of the above financial assets is ascertained using the expected credit loss model (ECL) approach. Credit risk is managed through continuously monitoring the creditworthiness of customers. The Company is considerate of the fact the majority of the collection is receivable from export customers with high credit worthiness or the government companies where there are no significant risk of bad debts. The customers of the Company have a defined period for payment of receivables, hence the Company evaluates the concentration of risk with respect to trade receivables as low. The total amount receivable from top 2 customers is INR 519.03 for March 31, 2021 (INR 430.27 for March 31, 2020).

The cash and cash equivalent (excluding cash on hand), balance at bank other than cash and cash equivalent, non-current bank balances and interest accrued of INR 1,918.24 (March 31, 2020: INR 241.31) are held with banks having good credit rating.

B. Liquidity risk

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank deposits and loans.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments (including interest payments):

	Within 1 year	1 to 5 years	After 5 years	Total
March 31, 2021				
Borrowings	98.51	71.26	-	169.77
Trade payables	347.44	-	-	347.44
Other financial liability	26.44	-	-	26.44
	472.39	71.26	-	543.65
March 31, 2020				
Borrowings	291.33	-	-	291.33
Trade payables	305.55	-	-	305.55
Other financial liability	2.13	-	-	2.13
	599.01	-	-	599.01

The cash credit facility amounting INR. 48.51 (March 31, 2020: INR 122.46) is repayable on demand has been disclosed as within 1 year for the purpose of disclosure of liquidity risk of the Company.

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(All amounts are in Indian rupees in millions except share data and unless otherwise stated)

C. Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises two types of risk: interest rate risk and foreign currency risk. The sensitivity analysis has been included in the below disclosures.

Foreign currency exchange rate risk

The fluctuation in foreign currency exchange rates may have potential impact on the statement of profit and loss. The risks primarily relate to fluctuations in US Dollar (USD) as against the functional currency of the Company. The Company evaluates the impact of foreign exchange rate fluctuations by assessing its exposure to exchange rate risks.

a. The year end unhedged foreign currency exposures is as under:

Particulars	Currency	Amount in Foreign Currency	Exchange rate	Amount in Rs.
Trade receivables				
March 31, 2021	USD	7.19	73.50	528.57
March 31, 2020	USD	5.08	75.39	382.65
Cash and cash equivalents				
March 31, 2021	USD	0.27	73.50	19.73
March 31, 2020	USD	0.00	75.39	0.04
Export packing credit				
March 31, 2021	USD	-	73.50	-
March 31, 2020	USD	2.24	75.39	168.87
Trade payables				
March 31, 2021	USD	2.95	73.50	216.22
March 31, 2020	USD	1.15	75.39	86.41

b. Foreign currency sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in USD exchange rates with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities.

	Change in USD exchange rate		Effect on profit before tax	
	Increase	Decrease	Increase /Decrease	Decrease
March 31, 2021	1%	1%	3.32	(3.32)
March 31, 2020	1%	1%	1.27	(1.27)

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk because certain funds are borrowed at floating interest rates. Interest rate risk is measured by using the cash flow sensitivity for changes in variable interest rate. The borrowings of the Company are principally denominated in rupees and US dollars with a mix of fixed and floating rates of interest. The Company has exposure to interest rate risk, arising principally on changes in base lending rate and LIBOR rates. The risk is managed by the Company by maintaining an appropriate mix between fixed and floating rate borrowings.

If interest rates had been 100 basis points (1%) higher / lower and all other variables were held constant, the Company's profit for the year ended March 31, 2021 would decrease / increase by INR 5.04 (March 31, 2020: INR 1.82).

34 Capital management

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

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders,

Notes to the standalone financial statements for the year ended March 31, 2021

(All amounts are in Indian rupees in millions except share data and unless otherwise stated)

return capital to shareholders or issue new shares. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company's policy is to keep the gearing ratio to an acceptable level. The Company includes within net debt, interest bearing loans and borrowings, less cash and cash equivalents excluding balance with monitoring agency account.

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing borrowing in the current year.

	As at March 31, 2021	As at March, 31 2020
Borrowings	169.77	291.33
Less: Cash and cash equivalents excluding balance with monitoring agency account	(191.28)	(135.44)
Net debt (A)	(21.51)	155.89
Equity (B)	4,767.57	2,250.77
Equity and net debt (C) = (A) + (B)	4,746.06	2,406.66
Gearing ratio (A) / (C)	-0.45%	6.48%

35 Related party disclosures

Names of related parties and description of relationship

(a) Subsidiary company

Magnatar Aero Systems Private Limited (Incorporated on November 04, 2019)

(b) Key managerial personnel

Parvat Srinivas Reddy, Managing Director (Managing director w.e.f September 01, 2020)

Vamsidhar Reddy Kallem, Director (Director upto December 14, 2020)

Mathew Cyriac, Director

Venkatasathishkumar Reddy Gangapatnam, Director

A. Praveen Kumar Reddy (appointed as additional director w.e.f December 14, 2020)

P. Jayaprakash Reddy, Director (Director upto April 10, 2020)

K. Satyanarayana Reddy, Director (Director upto May 07, 2020)

P. Kalpana Reddy (Director upto August 18, 2020)

Dr. C. Sukesh Kumar Reddy (Director upto August 25, 2020)

M. Anushman Reddy, Director (Director upto October 19, 2020)

P. Simhadri Reddy (Director upto October 19, 2020)

Rohith Loka Reddy (Director upto October 19, 2020)

Nambi Iyengar Rangachary (Director upto October 23, 2019)

Devesh Dhar Dwivedi, Chief operating officer (Chief financial officer upto August 31, 2020)

Abhaya Shankar, Chief executing officer (Resigned w.e.f May 10, 2020)

Sudipto Bhattacharya, Chief financial officer (Chief financial officer w.e.f September 01, 2020)

Shubham Sunil Bagadia, Company secretary (appointed on October 20, 2020)

(c) Relatives of key management personnel

A. Pranay Kumar Reddy

K. Shalini

(d) Independent / Non-Executive Directors appointed on December 05, 2020

Padmashri Nagarajan Vedachalam

B V R Subbu

A. Krishna Kumar

Ameeta Chatterjee

U C Muktibodh

V.G. Sekaran

Notes to the standalone financial statements for the year ended March 31, 2021

(All amounts are in Indian rupees in millions except share data and unless otherwise stated)

Transactions and balances with related parties#

A. Transactions with related parties

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Remuneration*		
M. Anushman Reddy	2.57	2.15
Parvat Srinivas Reddy	8.50	-
Devesh Dhar Dwivedi	5.74	2.51
Abhaya Shankar	0.41	7.39
A. Praveen Kumar Reddy	1.29	1.20
A. Pranay Kumar Reddy	1.57	1.52
Shubham Sunil Bagadia	0.24	-
Sudipto Bhattacharya	2.92	-
Professional charges		
P. Jayaprakash Reddy	-	6.64
K. Satyanarayana Reddy	-	4.80
Parvat Srinivas Reddy	2.25	8.00
Sitting fees		
Dr. C. Suresh Kumar Reddy	0.01	0.03
Venkatasatishkumar Reddy Gangapatnam	0.39	0.04
Vamshidhar Reddy Kallem	0.01	0.03
M.Anushman Reddy	0.01	0.04
P. Simhadri Reddy	0.01	0.03
Parvat Srinivas Reddy	0.01	0.04
Rohith Loka Reddy	0.01	0.03
P. Kalpana Reddy	0.01	0.04
A. Praveen Kumar Reddy	0.38	-
P. Jayaprakash Reddy	-	0.03
Mathew Cyriac	0.47	0.03
Padmashri Nagarajan Vedachalam	0.42	-
B V R Subbu	0.34	-
A. Krishna Kumar	0.54	-
Ameeta Chatterjee	0.50	-
U C Muktibodh	0.50	-
V.G. Sekaran	0.50	-
Rent expense		
K. Shalini	0.10	-
Buy back of equity shares		
P. Jayaprakash Reddy (number)	-	14,54,541
Reimbursable expenditure incurred		
Magnatar Aero Systems Private Limited	0.16	0.03

Notes to the standalone financial statements for the year ended March 31, 2021

(All amounts are in Indian rupees in millions except share data and unless otherwise stated)

B. Balances receivable

Particulars	As at March 31, 2021	As at March, 31 2020
Magnatar Aero Systems Private Limited (reimbursable advance)	0.16	0.03

*As the future liability for gratuity and leave encashment is provided on actuarial basis for the Company as a whole, the amount pertaining to the individual is not ascertainable and, therefore, not included above.

#The above transactions do not include IPO related expenses and its recoverable balances, incurred on behalf of related parties as selling shareholders in Offer for Sale. Refer note 38 of the standalone financial statements for details IPO expenses incurred by the Company and allocated to selling shareholders.

36 Fair values

There are no significant financial assets and liabilities measured at fair value through profit or loss.

The fair value of the financial assets and liabilities measured at amortised cost approximates their carrying amounts as at the balance sheet date. (refer Breakup of financial assets carried at fair value through profit or loss and Breakup of financial liabilities carried at amortised cost)

37 Segment reporting

The chief operating officer/ chief executive officer of the Company takes decision in respect of allocation of resources and assesses the performance basis the report/ information provided by functional heads and are thus considered to be Chief Operating Decision Maker.

Based on the Company's business model, manufacturing high precision and heavy equipment, components, machines have been considered as a single business segment for the purpose of making decision on allocation of resources and assessing its performance. Accordingly, there are no separate reportable segments in accordance with the requirements of Ind AS 108 'Operating segment' and hence, there are no additional disclosures to be provided other than those already provided in the financial statements. The information relating to revenue from external customers and location of non-current assets of its single reportable segment has been disclosed as below.

The geographic information analyses the Company's revenues and non-current assets by the country of domicile and other countries. In presenting geographic information, segment revenue has been based on the location of the customer and segment assets are based on geographical location of the assets.

(a) Revenue from contracts with customers

	For the year ended March 31, 2021	For the year ended March 31, 2020
India	1,135.12	675.76
Outside India	1,297.17	1,408.82
Total	2,432.29	2,084.58

(b) The Company has entire non-current assets within India. Hence, separate figures have not been furnished.

(c) Customer contributing more than 10% of revenue

	No of customers	Amount
For the year ended March 31, 2021	2	1,704.93
For the year ended March 31, 2020	2	1,573.44

Notes to the standalone financial statements for the year ended March 31, 2021

(All amounts are in Indian rupees in millions except share data and unless otherwise stated)

38 Issue of shares

(i) Issue of shares via Initial Public Offering (IPO)

The Company has completed the Initial Public Offering (IPO) of 10,372,419 equity shares of face value of INR 10 each for cash at a price of INR 575 per equity share aggregating to INR 5,964.14 comprising a fresh issue of 2,148,149 equity shares aggregating to INR 1,235.19 and on offer for sale of 8,224,270 equity shares aggregating to INR 4,728.95. Pursuant to the IPO, the equity shares of the Company got listed on National Stock Exchange (NSE) and Bombay Stock Exchange (BSE) on March 15, 2021.

The total IPO expenses incurred INR 379.30 (on provisional basis) (inclusive of taxes) have been proportionately allocated between the selling shareholder and the Company. The Company's share of expenses (net of tax of INR 8.36), INR 66.53 has been adjusted against securities premium.

(ii) Issue of shares via Private placement

The Company has made allotment through preferential basis by making a pre-IPO placement of 1,851,851 equity shares of face value of INR 10 each for cash at a price of INR 540 per equity share aggregating to INR 1,000.00. The Company has incurred INR 26.34 as share issue expenses (net of tax of INR 4.73) which has been adjusted against securities premium.

(iii) Utilisation of proceeds from IPO and pre-IPO placement

The details of utilization of proceeds from IPO and pre-IPO placement, net of IPO expenses of INR 105.96 (gross of tax) are as follows:

Particulars	Amount	Utilised upto March 31, 2021	Un-utilised upto March 31, 2021
Repayment / prepayment in full or in part of borrowings availed by the Company	630.00	586.87	43.13
Funding for working capital requirements	950.00	-	950.00
General corporate purposes	549.23	-	549.23
Total utilised / un-utilised funds	2129.23*	586.87	1542.36*

IPO Proceeds which were unutilised as at March 31, 2021 are temporarily invested in Deposits with monitoring agency amounting to INR 1,540.23

* Includes balance of INR 2.13 in IPO Escrow Account.

39 Subsequent event

No significant subsequent events have been observed till June 02, 2021 which may require any additional disclosure or an adjustment to the standalone financial statements.

As per our report of even date

For S.R. BATLIBOI & ASSOCIATES LLP
Chartered Accountants
ICAI Firm registration number: 101049W/E300004

For and on behalf of the Board of Directors of
**MTAR Technologies Limited (formerly known as
MTAR Technologies Private Limited)**

per Navneet Rai Kabra
Partner
Membership no:102328

Parvat Srinivas Reddy
Managing Director
DIN : 00359139

Venkatasatishkumar Reddy Gangapatnam
Director
DIN : 06535717

Place: Hyderabad
Date: June 02, 2021

Sudipto Bhattacharya
Chief Financial Officer

Shubham Sunil Bagadia
Company Secretary
Membership no: ACS-55748

Independent Auditors' Report

To
The Members of
MTAR Technologies Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying Consolidated Financial Statements of MTAR Technologies Limited (formerly known as "MTAR Technologies Private Limited") (hereinafter referred to as "the Holding Company") and its subsidiary (the Holding Company and its subsidiary together referred to as "the Group") comprising of the consolidated Balance sheet as at March 31, 2021, the consolidated Statement of Profit and Loss, including other comprehensive income, the consolidated Cash Flow Statement and the consolidated Statement of Changes in Equity for the year then ended, and notes to the Consolidated Financial Statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the Consolidated Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of report of other auditor on separate financial statements and on the other financial information of the subsidiary, the aforesaid Consolidated Financial Statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2021, their consolidated profit including other comprehensive loss, their consolidated cash flows and the consolidated statement of changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the Consolidated Financial Statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those

Standards are further described in the 'Auditor's Responsibilities for the Audit of the Consolidated Financial Statements' section of our report. We are independent of the Group in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Consolidated Financial Statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Consolidated Financial Statements for the financial year ended March 31, 2021. These matters were addressed in the context of our audit of the Consolidated Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the Consolidated Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the Consolidated Financial Statements. The results of audit procedures performed by us, including those procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying Consolidated Financial Statements.

Key Audit Matters	How our audit addressed the key audit matter
Revenue recognition (as described in note 2.2(f) and note 19 of the consolidated financial statements) Revenue from contracts with customer is recognised when control of the goods is transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods. During the year ended March 31, 2021, the Company has recognised revenue amounting to Rs. 1,135.12 million and Rs. 1,297.17 million from domestic and export sales respectively.	Our audit procedures, among others included the following: <ul style="list-style-type: none"> • Assessed the Company's revenue recognition policy in terms of Ind AS 115 ("Revenue from Contracts with Customers"). • Obtained an understanding, assessed the design and tested the operating effectiveness of internal controls related to revenue recognition. • Performed the following tests for a sample of transactions <ul style="list-style-type: none"> o tested supporting documentation for sales transactions recorded during the year which included sales invoices, customer contracts/sales orders, shipping documents and other related documents.

Key Audit Matters	How our audit addressed the key audit matter
<p>Revenue recognition (as described in note 2.2(f) and note 19 of the consolidated financial statements)</p> <p>The point at which control passes is determined based on the terms and conditions by each customer arrangement i.e. delivery specifications including incoterms in case of exports. The risk is, therefore, that revenue may not get recognised in the correct period.</p> <p>Accordingly, due to the significant risk associated with revenue recognition in accordance with terms of Ind AS 115 'Revenue from contracts with customers', it has been determined to be a key audit matter in our audit of the consolidated financial statements.</p>	<p>o verified whether the recognition of revenue is in accordance with the incoterms / when the conditions for revenue recognitions are satisfied.</p> <ul style="list-style-type: none"> • Tested the supporting documentation for sample of sales transactions recorded during the period closer to the year end and subsequent to the year end to agree the period of revenue recognition to underlying documents as referred above. • Assessed the relevant disclosures made in the consolidated financial statements.

Other Information

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report, but does not include the Consolidated Financial Statements and our auditor's report thereon.

Our opinion on the Consolidated Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

Responsibilities of Management for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation and presentation of these Consolidated Financial Statements in terms of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated statement of changes in equity of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. The respective Board of Directors of the Companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making

judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Consolidated Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the Consolidated Financial Statements by the Directors of the Holding Company, as aforesaid.

In preparing the Consolidated Financial Statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group 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 Group or to cease operations, or has no realistic alternative but to do so.

Those respective Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of the Group.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

We communicate with those charged with governance of the Holding Company 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 of the Holding Company 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.

From the matters communicated with those charged with governance of the Holding Company, we determine those matters that were of most significance in the audit of the Consolidated Financial Statements for the financial year ended March 31, 2021 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

We did not audit the financial statements and other financial information, in respect of one subsidiary whose financial statements include total assets of Rs 0.10 million as at March 31, 2021, and total revenues of Rs Nil and net cash outflows of Rs Nil for the year ended on that date. These financial statements and other financial information have been audited by other auditor, which financial statements, other financial information and auditor's report have been furnished to us by the management.

Our opinion on the Consolidated Financial Statements, in so far as it relates to the amounts and disclosures included in respect of the subsidiary and our report in terms of sub-sections (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary is based solely on the report of such other auditor.

Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of subsidiary, as noted in the 'other matter' paragraph we report, to the extent applicable, that:

- (a) We/the other auditors whose report we have relied upon have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid Consolidated Financial Statements;
- (b) In our opinion, proper books of account as required by law

relating to preparation of the aforesaid consolidation of the financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors;

- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the Consolidated Financial Statements;
- (d) In our opinion, the aforesaid Consolidated Financial Statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
- (e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2021 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors who are appointed under Section 139 of the Act, of its subsidiary company, none of the directors of the Group's companies, incorporated in India, is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164 (2) of the Act;
- (f) With respect to the adequacy and the operating effectiveness of the internal financial controls over financial reporting with reference to these Consolidated Financial Statements of the Holding Company and its subsidiary company, incorporated in India, refer to our separate Report in "Annexure 1" to this report;
- (g) In our opinion and based on the consideration of reports of other statutory auditors of the subsidiary, the managerial remuneration for the year ended March 31, 2021 has been

paid / provided by the Holding Company and its subsidiary incorporated in India to their directors in accordance with the provisions of section 197 read with Schedule V to the Act;

- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements as also the other financial information of the subsidiary, as noted in the 'Other matter' paragraph:
- i. The Consolidated Financial Statements disclose the impact of pending litigations on its consolidated financial position of the Group in its Consolidated Financial Statements – Refer Note 31(b) to the Consolidated Financial Statements;
 - ii. The Group did not have any material foreseeable losses in long-term contracts including derivative contracts during the year ended March 31, 2021;
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company and its subsidiary, incorporated in India during the year ended March 31, 2021.

For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

per Navneet Rai Kabra

Partner

Place of Signature: Hyderabad

Membership Number: 102328

Date: June 02, 2021

UDIN: 21102328AAAADT8347

Annexure 1 to the Independent Auditor's Report of even date on the Consolidated Financial Statements of Mtar Technologies Limited

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

In conjunction with our audit of the consolidated financial statements of MTAR Technologies Limited (formerly known as "MTAR Technologies Private Limited") (hereinafter referred to as the "Holding Company") as of and for the year ended March 31, 2021, we have audited the internal financial controls with reference to consolidated financial statements of the Holding

Company, as of that date. According to the information and explanations given by the Management and based on the report of the other auditor, the provisions of the section 143(3)(i) are not applicable to Magnatar Aero System Private Limited, which is a company incorporated in India.

Management's Responsibility for Internal Financial Controls

The Holding Company's Board of Directors are responsible for establishing and maintaining internal financial controls based on

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

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

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

Meaning of Internal Financial Controls With Reference to Consolidated Financial Statements

A company's internal financial control with reference to consolidated financial statements is a process designed to

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

Inherent Limitations of Internal Financial Controls With Reference to Consolidated Financial Statements

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

Opinion

In our opinion, the Holding Company, has maintained in all material respects, adequate internal financial controls with reference to consolidated financial statements and such internal financial controls with reference to consolidated financial statements were operating effectively as at March 31, 2021, based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

per Navneet Rai Kabra

Partner

Place of Signature: Hyderabad

Membership Number: 102328

Date: June 02, 2021

UDIN: 21102328AAAADT8347

Consolidated balance sheet as at March 31, 2021

(All amounts are in Indian rupees in millions except share data and unless otherwise stated)

	Notes	As at March 31, 2021	As at March 31, 2020
ASSETS			
Non-current assets			
Property, plant and equipment	3	1,661.16	1,549.61
Capital work-in-progress	3.1	105.20	117.39
Intangible assets	3	9.48	1.39
Financial assets			
Investments	4	0.10	0.10
Others	5	21.24	32.98
Non-current tax assets (net)	6	5.00	6.19
Other non-current assets	7	75.48	39.88
		1,877.66	1,747.54
Current assets			
Inventories	8	1,025.44	754.59
Financial assets			
Trade receivables	9	772.78	616.37
Cash and cash equivalents	10	1,802.97	135.54
Bank balances other than cash and cash equivalents	11	106.13	96.98
Others	5	126.66	16.66
Other current assets	7A	151.54	95.05
		3,985.52	1,715.19
Total assets		5,863.18	3,462.73
EQUITY AND LIABILITIES			
Equity			
Equity share capital	12	307.59	267.59
Other equity	13	4,459.81	1,983.18
Equity attributable to equity holders of the parent		4,767.40	2,250.77
Non-controlling interests		-	-
Total equity		4,767.40	2,250.77
Liabilities			
Non-current liabilities			
Financial Liabilities			
Borrowings	16	71.26	-
Provisions	14	3.59	23.81
Deferred tax liabilities (net)	15	126.93	53.07
		201.78	76.88
Current liabilities			
Financial liabilities			
Borrowings	16	48.51	291.33
Trade payables	17		
- dues of micro, small and medium enterprises		5.74	-
- dues of creditors other than micro, small and medium enterprises		341.83	305.57
Other financial liabilities	16A	76.44	2.13
Provisions	14	25.23	34.34
Current tax liabilities (net)	6	2.74	9.23
Other current liabilities	18	393.51	492.48
		894.00	1,135.08
Total equity and liabilities		5,863.18	3,462.73
Summary of significant accounting policies	2.3		

The accompanying notes are an integral part of the consolidated financial statements.

As per our report of even date

For S.R. BATLIBOI & ASSOCIATES LLP
Chartered Accountants
ICAI Firm registration number: 101049W/E300004

For and on behalf of the Board of Directors of
**MTAR Technologies Limited (formerly known as
MTAR Technologies Private Limited)**

per Navneet Rai Kabra
Partner
Membership no:102328

Parvat Srinivas Reddy
Managing Director
DIN : 00359139

Venkatasatishkumar Reddy Gangapatnam
Director
DIN : 06535717

Place: Hyderabad
Date: June 02, 2021

Sudipto Bhattacharya
Chief Financial Officer

Shubham Sunil Bagadia
Company Secretary
Membership no: ACS-55748

Consolidated statement of profit and loss for the year ended March 31, 2021

(All amounts are in Indian rupees in millions except share data and unless otherwise stated)

	Notes	For the year ended March 31, 2021	For the year ended March 31, 2020
INCOME			
Revenue from operations	19	2,464.32	2,137.74
Other income	20	13.10	43.68
Total income		2,477.42	2,181.42
EXPENSES			
Cost of materials consumed	21	1,017.54	872.55
Changes in inventories of work-in-progress	22	(216.01)	(150.88)
Employee benefit expense	23	530.40	516.26
Finance costs	24	70.01	47.53
Depreciation and amortisation expense	25	125.57	120.48
Other expenses	26	301.64	320.15
Total expenses		1,829.15	1,726.09
Profit before tax		648.27	455.33
Tax expense	27		
Current tax		110.25	78.11
Adjustment of tax relating to earlier years		1.00	1.44
Deferred tax charge		76.36	62.60
Total tax expense		187.61	142.15
Profit for the year		460.66	313.18
Other comprehensive income (OCI)			
OCI not to be reclassified to profit or loss in subsequent years:			
Re-measurement gains/ (losses) on defined benefit plans		(8.57)	(33.82)
Income tax effect		2.50	9.85
OCI for the year, net of tax		(6.07)	(23.97)
Total comprehensive income for the year		454.59	289.21
Profit for the year			
Attributed to:			
Equity holders of the parent		460.66	313.18
Non-controlling interests		-	-
Comprehensive income/ (loss) for the year			
Attributed to:			
Equity holders of the parent		(6.07)	(23.97)
Non-controlling interests		-	-
Total comprehensive income for the year			
Attributed to:			
Equity holders of the parent		454.59	289.21
Non-controlling interests		-	-
Earnings per equity share of Rs. 10 each fully paid	28		
Basic and diluted, computed on the basis of profit attributable to equity holders of Holding Company		16.99	11.11
Summary of significant accounting policies	2.3		

The accompanying notes are an integral part of the consolidated financial statements.

As per our report of even date

For S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

ICAI Firm registration number: 101049W/E300004

per Navneet Rai Kabra

Partner

Membership no:102328

Place: Hyderabad

Date: June 02, 2021

For and on behalf of the Board of Directors of

MTAR Technologies Limited (formerly known as

MTAR Technologies Private Limited)

Parvat Srinivas Reddy

Managing Director

DIN : 00359139

Sudipto Bhattacharya

Chief Financial Officer

Venkatasatishkumar Reddy Gangapatnam

Director

DIN : 06535717

Shubham Sunil Bagadia

Company Secretary

Membership no: ACS-55748

Consolidated statement of changes in equity for the year ended March 31, 2021

(All amounts are in Indian rupees in millions except share data and unless otherwise stated)

a) Equity share capital

Equity shares of Rs. 10 each, issued, subscribed and fully paid up	No. of shares	Amount
As at April 01, 2019	2,82,14,132	282.14
Add: Issued during the year	-	-
Less: Equity shares bought back during the year (refer note 1 below)	(14,54,541)	(14.55)
As at March 31, 2020	2,67,59,591	267.59
Add: Issued during the year (refer note 39)	40,00,000	40.00
As at March 31, 2021	3,07,59,591	307.59

b) Other equity

Particulars	Attributable to the equity holders of the Parent Reserves & Surplus				Non-controlling interests	Total
	Securities premium	Capital redemption reserve	Retained earnings	Total		
As at April 01, 2019	1,315.43	-	752.25	2,067.68	-	2,067.68
Profit for the year	-	-	313.18	313.18	-	313.18
Amount utilised towards buy back of equity shares (refer note 1 below)	(203.64)	-	-	(203.64)	-	(203.64)
Amount transferred on account of buy back of equity shares (refer note 1 below)	(14.55)	14.55	-	-	-	-
Equity dividend paid and tax thereon	-	-	(170.07)	(170.07)	-	(170.07)
Other comprehensive loss for the year	-	-	(23.97)	(23.97)	-	(23.97)
As at March 31, 2020	1,097.24	14.55	871.39	1,983.17	-	1,983.18
Profit for the year	-	-	460.66	460.66	-	460.66
Premium received on issue of equity shares (refer note 39)	2,195.19	-	-	2,195.19	-	2,195.19
Share issue expenses (refer note 39)	(92.87)	-	-	(92.87)	-	(92.87)
Equity dividend paid	-	-	(80.28)	(80.28)	-	(80.28)
Other comprehensive income for the year	-	-	(6.07)	(6.07)	-	(6.07)
As at March 31, 2021	3,199.56	14.55	1,245.70	4,459.81	-	4,459.81

Note 1

The Board of Directors at its meeting held on January 27, 2020, approved the Buy Back of 2,658,621 equity shares at a price of Rs. 123.21 per share for a total value of Rs. 327.56 being 9.42% of the paid-up Equity Share Capital and free reserves of the Holding Company. Accordingly, during the year ended March 31, 2020, the Holding Company has bought-back 1,454,541 equity shares at a price of Rs. 123.21 per share for an aggregate amount of Rs. 179.21. Further, the Holding Company has paid buy back tax of Rs. 38.98 during the year ended March 31, 2021. The extinguishment of shares was completed in October 2020. The nominal value of equity shares bought back and extinguished amounting to Rs. 14.55 has been reduced from the paid up equity share capital and a corresponding amount has been transferred from Securities Premium to Capital Redemption Reserve as per Section 69 of the Companies Act, 2013. The premium paid for buy-back amounting to Rs. 203.64 (including the buy back tax) has been appropriated from the Securities Premium.

The accompanying notes are an integral part of the consolidated financial statements.

As per our report of even date

For S.R. BATLIBOI & ASSOCIATES LLP
Chartered Accountants
ICAI Firm registration number: 101049W/E300004

For and on behalf of the Board of Directors of
**MTAR Technologies Limited (formerly known as
MTAR Technologies Private Limited)**

per Navneet Rai Kabra
Partner
Membership no:102328

Parvat Srinivas Reddy
Managing Director
DIN : 00359139

Venkatasathikumar Reddy Gangapatnam
Director
DIN : 06535717

Place: Hyderabad
Date: June 02, 2021

Sudipto Bhattacharya
Chief Financial Officer

Shubham Sunil Bagadia
Company Secretary
Membership no: ACS-55748

Consolidated statement of cash flows for the year ended March 31, 2021

(All amounts are in Indian rupees in millions except share data and unless otherwise stated)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	648.27	455.33
Adjustments to reconcile profit before tax to net cash flows		
Depreciation and amortisation expense	125.57	120.48
Provision for doubtful receivable and advances	-	14.77
Bad debts written off	-	1.82
Finance costs	70.01	47.53
Liabilities no longer required written back	-	(4.26)
Unrealised exchange gain	(11.17)	(16.81)
Interest income	(13.10)	(9.96)
Operating profit before working capital changes	819.58	608.90
Movements in working capital:		
Increase in trade receivables	(146.60)	(90.06)
Increase in inventories	(270.85)	(343.88)
(Increase) / decrease in current and non current financial assets	(74.62)	115.26
Increase in other current and non current assets	(68.97)	(38.98)
Increase in trade payables	42.00	250.05
(Decrease)/increase in other current liabilities	(59.99)	122.88
(Decrease) / increase in provisions	(37.90)	10.49
Cash generated from operations	202.65	634.66
Income tax paid (net of refunds)	(116.55)	(72.44)
Net cash flows from operating activities (A)	86.10	562.22
B. CASH FLOW USED IN INVESTING ACTIVITIES		
Purchase of property, plant and equipment, including intangible assets, capital work in progress, capital creditors and capital advances	(228.28)	(119.23)
Investment in bank deposits (net)	(5.81)	(10.81)
Interest received	12.64	9.17
Net cash flows used in investing activities (B)	(221.45)	(120.87)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Dividend and dividend distribution tax paid	(80.28)	(170.07)
Buy back amount paid including buyback tax	(38.98)	(179.21)
Equity shares issued during the year (net of expenses) (refer note 39)	2,127.10	-
IPO Expenses reimbursable	(21.05)	-
Proceeds from long term borrowings, including current maturities	133.76	-
Repayment of long term borrowings, including current maturities	(12.50)	-
Repayment of short term borrowings (net)	(242.82)	(4.95)
Finance costs paid	(63.81)	(59.26)
Net cash flows from/ (used in) financing activities (C)	1,801.42	(413.49)
Net increase in cash and cash equivalents (A+B+C)	1,666.07	27.86
Effect of exchange differences on cash & cash equivalents held in foreign currency	1.36	-
Cash and cash equivalents at the beginning of the year	135.54	107.68
Cash and cash equivalents at the end of the year	1,802.97	135.54

Standalone statement of cash flows for the year ended March 31, 2021

(All amounts are in Indian rupees in millions except share data and unless otherwise stated)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Components of cash and cash equivalents		
Cash on hand	0.32	0.21
Balance with banks:		
Current accounts	20.05	1.00
On Monitoring account*	61.59	-
Deposits with monitoring agency for amount received for reimbursement of expenses with original maturity of less than 3 months*	9.77	-
Deposits with monitoring agency for amount received for IPO and Pre-IPO with original maturity of less than 3 months#	1,540.23	-
Deposits with original maturity of less than three months	171.01	134.33
Total cash and cash equivalents	1,802.97	135.54
* INR 71.36 is towards IPO expenses and are not earmarked towards the unutilised IPO proceeds.		
# The amount is earmarked as monitoring agency account balance towards unutilised IPO proceeds. Refer note 39		
Summary of significant accounting policies	2.3	

The accompanying notes are an integral part of the consolidated financial statements.

As per our report of even date

For S.R. BATLIBOI & ASSOCIATES LLP
Chartered Accountants
ICAI Firm registration number: 101049W/E300004

For and on behalf of the Board of Directors of
**MTAR Technologies Limited (formerly known as
MTAR Technologies Private Limited)**

per Navneet Rai Kabra
Partner
Membership no:102328

Parvat Srinivas Reddy
Managing Director
DIN : 00359139

Venkatasatishkumar Reddy Gangapatnam
Director
DIN : 06535717

Place: Hyderabad
Date: June 02, 2021

Sudipto Bhattacharya
Chief Financial Officer

Shubham Sunil Bagadia
Company Secretary
Membership no: ACS-55748

Notes to the consolidated financial statements for the year ended March 31, 2021

(All amounts are in Indian rupees in millions except share data and unless otherwise stated)

1 Corporate Information

The consolidated financial statements comprise financial statements of MTAR Technologies Limited, (formerly known as "MTAR Technologies Private Limited") ("MTAR" or "the Holding Company" or "the company" or "the parent") and its subsidiary (collectively, the Group) for the year ended March 31, 2021. The Company was a private limited company domiciled in India, and incorporated on November 11, 1999 under the provisions of the erstwhile Companies Act, 1956 replaced with Companies Act 2013 ("Act") w.e.f. April 1, 2014 with its registered office at 18, Technocrats Industrial Estate, Balanagar, Hyderabad, Telangana, India 500037. The Holding Company has become a Public Limited Company w.e.f. November 2, 2020 and consequently the name of the Holding Company has changed from MTAR Technologies Private Limited to MTAR Technologies Limited. The Holding Company listed its shares in both BSE and NSE on March 15, 2021.

The Group is engaged in the business of manufacturing high precision and heavy equipment, components, machines for sectors including nuclear, aerospace, defence, etc.

2 Significant accounting policies

These notes provide a list of the significant accounting policies adopted in the preparation of these financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The Consolidated financial statements for the year ended March 31, 2021 comprising of Consolidated balance sheet as at March 31, 2021, Consolidated statement of profit and loss, including the Consolidated statement of other comprehensive income, Consolidated cash flow statement and Consolidated statement of changes in equity for the year end, and a summary of explanatory notes (together hereinafter referred to as "financial statements") have been prepared in accordance with Indian Accounting Standards ("Ind AS") notified under Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015, as amended and other accounting principles generally accepted in India and presentation requirements of Division II of Schedule III of the Companies Act, 2013.

The financial statements has 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), and
- Defined benefits plan - plan assets measured at fair value

The financial statements are presented in Indian Rupees "INR" or "Rs." and all values are stated as INR millions, except when otherwise indicated.

2.2 Basis of consolidation

The Consolidated financial statements comprise the financial statements of the Company and its subsidiary as at March 31, 2021.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights
- The size of the group's holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders

Notes to the consolidated financial statements for the year ended March 31, 2021

(All amounts are in Indian rupees in millions except share data and unless otherwise stated)

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the Consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that group member's financial statements in preparing the Consolidated financial statements to ensure conformity with the group's accounting policies.

The financial statements of subsidiary used for the purpose of consolidation are drawn up to same reporting date as that of the parent company, i.e., year ended on March 31. When the end of the reporting period of the parent is different from that of a subsidiary, the subsidiary prepares, for consolidation purposes, additional financial information as of the same date as the financial statements of the parent to enable the parent to consolidate the financial information of the subsidiary, unless it is impracticable to do so.

Consolidation procedure

1. Combine like items of assets, liabilities, equity, income, expenses and cash flows of the Holding Company with those of its subsidiary.
2. Eliminate the carrying amount of the Holding Company's investment in subsidiary and the Holding Company's portion of equity of subsidiary till date of incorporation of subsidiary.
3. Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the group (profits or losses resulting from intragroup transactions that are recognised in assets, such as inventory and property, plant and equipment, are eliminated in full). Intragroup losses may indicate an impairment that requires recognition in the Consolidated financial statements. Ind AS 12 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.
4. Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the Holding Company of the Group and to the non-controlling interests. When necessary, adjustments are made to the financial statements of subsidiary to bring their accounting policies into line with the Group's accounting policies.

2.3 Summary of significant accounting policies

a) Amended standards

Several amendments apply for the first time for the year ended March 31, 2021, but do not have significant impact on the financial statements of the Group.

b) Current versus non-current classification

The Group 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

Notes to the consolidated financial statements for the year ended March 31, 2021

(All amounts are in Indian rupees in millions except share data and unless otherwise stated)

- ▶ There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Group 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 Group has identified twelve months as its operating cycle.

c) Property, plant and equipment

"Freehold land is carried at cost, net of tax / duty credit availed, net of accumulated impairment, if any. All other items of property, plant and equipment are stated at cost, net of tax / duty credit availed, less accumulated depreciation and accumulated impairment losses, if any. Cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimated costs of dismantling and removing the item and restoring the site on which it located. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. All other repair and maintenance costs are recognised in the statement of profit and loss as incurred.

Capital work-in-progress (CWIP) includes cost of property, plant and equipment under installation/ under development, net of accumulated impairment loss, if any, as at the balance sheet date.

Directly attributable expenditure incurred on project under implementation are shown under CWIP. At the point when an asset is capable of operating in the manner intended by management, the capital work in progress is transferred to the appropriate category of property, plant and equipment.

Cost of assets not ready for use at the balance sheet date are disclosed under capital work-in-progress. Capital work in progress is stated at cost, net of accumulated impairment loss, if any. Amounts paid towards the acquisition of property, plant and equipment outstanding as of each reporting date are recognised as capital advance. "

Depreciation is calculated on a straight-line basis using the rates arrived at based on the useful lives estimated by the management, which is equal to the life prescribed under the Schedule II to the Companies Act, 2013.

The useful lives estimated by the management are given below:

Category of Asset	Estimated useful life (years)
Property, plant and equipment	
Buildings	30
Plant and machinery	15
Electrical equipment	5
Furniture and fixtures	10
Office equipment	5
Computers	3/ 6 years
Vehicles	8

The residual value, useful life and methods of depreciation of property, plant and equipment are reviewed at each financial period end and adjusted prospectively, if appropriate.

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. Gains and losses upon disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within "other (income)/expense, net" in the statement of profit and loss.

Notes to the consolidated financial statements for the year ended March 31, 2021

(All amounts are in Indian rupees in millions except share data and unless otherwise stated)

d) Intangible assets

Costs relating to computer software, which is acquired, are capitalised and amortised on a straight-line basis over their estimated useful lives of three years.

Gains or losses arising from de-recognition 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 and loss when the asset is derecognised.

e) Inventories

Inventories are valued at the lower of cost and net realizable value after providing for obsolescence and other losses, where considered necessary. Cost of inventories comprises all cost of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

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

- i. **Raw materials:** Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis.
- ii. **Finished goods and work-in-progress:** Cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity but excluding borrowing costs. Cost is determined on weighted average basis.

f) Revenue

(i) Revenue from contract with customers

Revenue from contracts with customer is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

Revenue is measured at the fair value of the consideration received or receivable. Amount disclosed as revenue are net of returns, trade allowances, rebates. Amounts collected on behalf of third parties such as Goods and service Tax (GST) are excluded from revenue.

The specific recognition criteria described below must also be met before revenue is recognised.

Sale of goods

Revenue is recognised at the point in time when control of the goods is passed to the customer. The point at which control passes is determined based on the terms and conditions by each customer arrangement. The contracts that Group enters into relate to sales order containing single performance obligations for the delivery of goods as per Ind AS 115. Transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring goods to a customer. Variable consideration is estimated using the expected value method or most likely amount as appropriate in a given circumstance. Payment terms agreed with a customer are as per business practice and there is no financing component involved in the transaction price. The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated.

Contract Balances

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

Trade receivable

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

Notes to the consolidated financial statements for the year ended March 31, 2021

(All amounts are in Indian rupees in millions except share data and unless otherwise stated)

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group 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 Group performs under the contract.

(ii) Export benefits

Export benefits are recognised where there is reasonable assurance that the benefit will be received and all attached conditions will be complied with. Export benefits on account of export promotion schemes are accrued and accounted in the period of export and are included in other operating revenue.

(iii) Interest income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

g) Impairment of non financial assets

The Group 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 Group 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 groups 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.

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

Impairment losses of continuing operations, including impairment on inventories, are recognised in the statement of profit and loss, except for properties previously revalued with the revaluation surplus taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation surplus. 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 Group 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 periods. Such reversal is recognised in the statement of profit and loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

h) Borrowing costs

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

Notes to the consolidated financial statements for the year ended March 31, 2021

(All amounts are in Indian rupees in millions except share data and unless otherwise stated)

i) Foreign currency transactions

Items included in the financial statements of Group are measured using currency of the primary economic environment in which the Group operates ("the functional currency"). The financial statements are presented in Indian rupees (INR), which is the functional currency of the Group.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Group in INR at spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at INR spot rates of exchange at the reporting date. Exchange differences arising on settlement or translation of monetary items are recognised in the statement of profit and 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. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of advance consideration.

j) 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

Initial recognition and measurement

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

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

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

The Group'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. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

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

Notes to the consolidated financial statements for the year ended March 31, 2021

(All amounts are in Indian rupees in millions except share data and unless otherwise stated)

Subsequent measurement

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

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.

This category is the most relevant to the group. 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 profit or loss.

Debt instruments 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 recognised in the other comprehensive income (OCI). However, the Group recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the statement of profit and loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to statement of profit and loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

Debts Instrument at FVTPL

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

In addition, the Group may elect to designate a debt instrument, which otherwise meets amortised 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 Group has not designated any debt instrument as at FVTPL. Debt instruments included within the FVTPL category are measured at fair value with all changes recognised in the statement of profit and loss"

Financial assets at fair value through profit or loss

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

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

Equity instruments designated at fair value through OCI

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under Ind AS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis. Equity instruments which are held for trading are classified as at FVTPL.

Notes to the consolidated financial statements for the year ended March 31, 2021

(All amounts are in Indian rupees in millions except share data and unless otherwise stated)

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

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a Group of similar financial assets) is primarily derecognised when:

- ▶ The rights to receive cash flows from the asset have expired, or
- ▶ The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. 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 Group could be required to repay. In that case, the Group 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 Group has retained.

Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms. ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition.

ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment."

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, or as 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.

Notes to the consolidated financial statements for the year ended March 31, 2021

(All amounts are in Indian rupees in millions except share data and unless otherwise stated)

Subsequent measurement

The measurement of financial liabilities is as described below:

Loans and borrowings

This is the category most relevant to the Group. 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.

De-recognition

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

Reclassification of financial instruments

The Group determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Group's senior management determines change in the business model as a result of external or internal changes which are significant to the Group's operations. Such changes are evident to external parties. A change in the business model occurs when the Group either begins or ceases to perform an activity that is significant to its operations. If the Group reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Group does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

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.

k) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating officer/ chief executive officer. The chief operating officer/ chief executive officer is responsible for allocating resources and assessing performance of the operating segments and accordingly is identified as the chief operating decision maker.

l) Fair value measurement

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

Notes to the consolidated financial statements for the year ended March 31, 2021

(All amounts are in Indian rupees in millions except share data and unless otherwise stated)

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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

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

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

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

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

- Disclosures for valuation methods, significant estimates and assumptions (notes 32)
- Investment in unquoted equity shares (note 4)
- Financial instruments (including those carried at amortised cost) (notes 5, 9, 10, 11, 16, 16A, 17, 33, 36)

m) 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 India.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

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

Notes to the consolidated financial statements for the year ended March 31, 2021

(All amounts are in Indian rupees in millions except share data and unless otherwise stated)

- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred 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.

The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

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 Group 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 Group 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 Group 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.

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

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

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

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

n) Retirement and other employee benefits

Retirement benefit in the form of provident fund is a defined contribution scheme. The Group has no obligation, other than the contribution payable to the provident fund. The Group recognizes contribution payable to the provident fund scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognised as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognised as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

The cost of providing benefits under the defined benefit plan is determined based on actuarial valuation 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 statement of profit and loss in subsequent periods.

Notes to the consolidated financial statements for the year ended March 31, 2021

(All amounts are in Indian rupees in millions except share data and unless otherwise stated)

Past service costs are recognised in statement of profit and loss on the earlier of:

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

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group 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

The Group treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred. The Group presents the leave as a current liability in the balance sheet, as it does not have an unconditional right to defer its settlement for 12 months after the reporting date."

o) Provisions and Contingent Liabilities

Provisions are recognised when the Group 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 Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

A contingent liability is possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Group does not recognise the contingent liability but discloses its existence in the financial statements.

p) Earnings per Share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders of the parent by the weighted average number of equity shares outstanding during the period.

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

q) 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.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above are considered an integral part of the Group's cash management.

r) Cash dividend to equity holders of the parent

The Group recognises a liability to make cash distributions to equity holders of the parent when the distribution is authorised and the distribution is no longer at the discretion of the Group. Final dividends on shares are recorded as a liability on the date of approval by the shareholders and Interim dividends are recorded as a liability on the date of declaration by the Holding Company's Board of Directors. A corresponding amount is recognised directly in equity.

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Note 3 : Property, plant and equipment and intangible assets

	Freehold land	Buildings	Plant and machinery	Electrical equipment	Furniture and fixtures	Office equipment	Computers	Vehicles	Total Property, plant and equipment	Intangible assets - software	Total
Gross carrying amount											
As at April 01, 2019	467.14	292.16	1,133.38	17.48	17.37	5.77	16.20	6.13	1,955.63	22.67	1,978.30
Additions during the year	-	0.36	44.51	-	0.46	0.57	2.39	0.66	48.95	0.65	49.60
Disposals during the year	-	-	-	-	-	-	-	-	-	-	-
As at March 31, 2020	467.14	292.52	1,177.89	17.48	17.83	6.34	18.59	6.79	2,004.58	23.32	2,027.90
Additions during the year	-	125.27	98.23	1.59	0.66	1.12	7.77	-	234.64	10.57	245.21
Disposals during the year	-	-	-	-	-	-	-	-	-	-	-
As at March 31, 2021	467.14	417.79	1,276.12	19.07	18.49	7.46	26.36	6.79	2,239.22	33.89	2,273.11
Accumulated depreciation and amortisation											
As at April 01, 2019	-	34.43	250.69	16.61	11.33	5.46	14.31	2.35	335.18	21.24	356.42
Charge for the year	-	11.94	104.67	-	1.67	0.07	0.86	0.58	119.79	0.69	120.48
Disposals for the year	-	-	-	-	-	-	-	-	-	-	-
As at March 31, 2020	-	46.37	355.36	16.61	13.00	5.53	15.17	2.93	454.97	21.93	476.90
Charge for the year	-	12.81	105.59	0.06	1.72	0.18	2.10	0.63	123.09	2.48	125.57
Disposals for the year	-	-	-	-	-	-	-	-	-	-	-
As at March 31, 2021	-	59.18	460.95	16.67	14.72	5.71	17.27	3.56	578.06	24.41	602.47
Net block											
As at March 31, 2021	467.14	358.61	815.17	2.40	3.77	1.75	9.09	3.23	1,661.16	9.48	1,670.64
As at March 31, 2020	467.14	246.15	822.53	0.87	4.83	0.81	3.42	3.86	1,549.61	1.39	1,551.00

Certain land and buildings are subject to a first charge to secure the Holding Company's bank loans. (refer note 16)

Note 3.1 : Capital work in progress

Particulars	Amount
As at April 01, 2019	56.17
Add: Additions (subsequent expenditure)	73.76
Less: Amount written off /adjustment	(11.62)
Less: Capitalised during the year	(0.92)
As at March 31, 2020	117.39
Additions (subsequent expenditure)	138.32
Capitalised during the year	(150.41)
Less: Amount written off /adjustment	(0.10)
As at March 31, 2021	105.20

Notes to the consolidated financial statements for the year ended March 31, 2021

(All amounts are in Indian rupees in millions except share data and unless otherwise stated)

4 Investments

	As at March 31, 2021	As at March, 31 2020
Non-current		
Unquoted equity shares (at fair value through profit or loss)		
Samuha Engineering Industries Limited		
[10,000 (March 31, 2020: 10,000) equity shares of par value Rs. 10 each fully paid]	0.10	0.10
	0.10	0.10
Aggregate amount of unquoted investments	0.10	0.10

5 Financial assets - others

Unsecured, considered good unless stated otherwise

	As at March 31, 2021	As at March, 31 2020
Non-current		
Retention money	-	13.92
Security deposits	15.91	13.88
Non-current bank balances (refer note 11)	5.00	5.00
Interest accrued on bank deposits	0.33	0.18
	21.24	32.98
Current		
Contract asset - unbilled revenue	12.43	12.43
Security deposit	29.82	-
Retention money	56.30	-
Interest accrued bank deposits	4.23	3.92
Amount recoverable from IPO Proceeds lying in Escrow account*	23.18	-
Loans and advances to employees	0.70	0.31
	126.66	16.66

*Balance pertain to receivable on account of IPO expenses to be reimbursed and un-utilised proceeds from fresh issue of equity shares from the balances lying in IPO Escrow Account (Secured) (refer note 39).

6 Non current tax assets (net) / current tax liabilities (net)

	As at March 31, 2021	As at March, 31 2020
Non-current tax asset (net)		
Advance income tax (net)	5.00	6.19
Liability for current tax		
Tax liability	(2.74)	(9.23)
	2.26	(3.04)

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

Notes to the consolidated financial statements for the year ended March 31, 2021

(All amounts are in Indian rupees in millions except share data and unless otherwise stated)

7 Other non-current assets

	As at March 31, 2021	As at March, 31 2020
Non-current		
Unsecured, considered good		
Prepaid expenses	14.98	14.32
Advance for capital goods	34.97	16.61
Balances recoverable from government authorities	25.53	8.95
	75.48	39.88
Unsecured, considered doubtful		
Balances recoverable from government authorities	12.97	12.97
Less: Provision for doubtful receivable	(12.97)	(12.97)
	-	-

Movement in provision for doubtful receivable

	For the year ended March 31, 2021	For the year ended March 31, 2020
Balance at the beginning of the year	12.97	-
Provision made during the year	-	12.97
Balance at the end of the year	12.97	12.97

7A Other current assets

	As at March 31, 2021	As at March, 31 2020
Current		
Unsecured, considered good		
Advance to suppliers	49.14	34.28
Prepaid expenses	24.39	26.03
Export benefits receivable	28.08	21.70
Balances recoverable from government authorities	49.93	13.04
	151.54	95.05

8 Inventories (at lower of cost and net realisable value)

	As at March 31, 2021	As at March, 31 2020
Raw materials	452.21	397.37
[Includes in transit: Rs. 158.88 (March 31, 2020: Rs. 84.18)]		
Work-in-progress	573.23	357.22
	1,025.44	754.59

Write down of inventories to net realisable value amounted to Rs. 15.84 (March 31, 2020 : Rs. 21.52). These were recognised as an expense during the year and included in 'cost of materials consumed and changes in inventories of work-in-progress'.

Notes to the consolidated financial statements for the year ended March 31, 2021

(All amounts are in Indian rupees in millions except share data and unless otherwise stated)

9 Trade receivables

	As at March 31, 2021	As at March, 31 2020
Current		
Unsecured considered good	772.78	616.37
Trade receivables - Credit impaired	-	1.81
Less: allowance for credit losses	-	(1.81)
	772.78	616.37

No trade or other receivable are due from directors or other officers of the Group either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.

The Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

Movement in expected credit loss

	For the year ended March 31, 2021	For the year ended March 31, 2020
Balance at the beginning of the year	1.81	-
Provision made during the year, net of reversals	-	1.81
Bad debts written off against opening provision during the year	(1.81)	-
Balance at the end of the year	-	1.81

10 Cash and cash equivalents

	As at March 31, 2021	As at March, 31 2020
Cash on hand	0.32	0.21
Balances with banks		
On current accounts	20.05	1.00
On Monitoring agency account*	61.59	-
Deposits with monitoring agency for amount received for reimbursement of expenses with original maturity of less than 3 months*	9.77	-
Deposits with monitoring agency for amount received for IPO and private placement of shares through pre-IPO with original maturity of less than 3 months#	1,540.23	-
Deposits with original maturity less than 3 months	171.01	134.33
	1,802.97	135.54

* INR 71.36 is towards IPO expenses and are not earmarked towards the unutilised IPO proceeds.

The amount is earmarked as monitoring agency account balance towards unutilised IPO proceeds. Refer note 39.

Notes to the consolidated financial statements for the year ended March 31, 2021

(All amounts are in Indian rupees in millions except share data and unless otherwise stated)

11 Balances at bank other than cash and cash equivalents

	As at March 31, 2021	As at March, 31 2020
Earmarked Balance with Bank on Dividend account*	3.34	-
Margin money deposits**		
Deposits with original maturity for more than three months but remaining maturity of less than twelve months	102.79	96.98
Deposits with remaining maturity of more than twelve months	5.00	5.00
Less: Amount clubbed under 'non current financial assets - others' (refer note 5)	(5.00)	(5.00)
	106.13	96.98

* Can be utilised only for payment of dividend

** Margin money deposits represent security held by bank for the bank guarantees of Rs. 886.68 (March 31, 2020: Rs. 814.76) issued by the bankers on behalf of the Group.

Breakup of financial assets carried at fair value through profit or loss:

	As at March 31, 2021		As at March 31, 2020	
	Carrying value	Fair value	Carrying value	Fair value
Investments in unquoted equity shares	0.10	0.10	0.10	0.10

Breakup of financial assets carried at amortised cost:

	As at March 31, 2021		As at March 31, 2020	
	Carrying value	Fair value	Carrying value	Fair value
Trade receivables	772.78	772.78	616.37	616.37
Cash and cash equivalent	1,802.97	1,802.97	135.54	135.54
Balances at bank other than cash and cash equivalents	106.13	106.13	96.98	96.98
Retention money	56.30	56.30	13.92	13.92
Security deposits	45.73	45.73	13.88	13.88
Non-current bank balances	5.00	5.00	5.00	5.00
Amount recoverable from IPO Proceeds lying in Escrow account	23.18	23.18	-	-
Contract asset - unbilled revenue	12.43	12.43	12.43	12.43
Interest accrued	4.56	4.56	4.10	4.10
Loans and advances to employees	0.70	0.70	0.31	0.31
Total financial assets carried at amortised cost	2,829.78	2,829.78	898.53	898.53

The management assessed that cash and cash equivalents and trade receivables approximate their carrying amounts largely due to the short-term maturities of these instruments. The fair value of the financial assets is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

For financial assets that are measured at fair value, the carrying amounts are equal to the fair values. The fair value of security deposits and other non-current financial were calculated based on cash flows discounted using current lending rate. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including counterparty credit risk.

Notes to the consolidated financial statements for the year ended March 31, 2021

(All amounts are in Indian rupees in millions except share data and unless otherwise stated)

12. Equity share capital

	As at March 31, 2021		As at March 31, 2020	
	Number of shares	Amount	Number of shares	Amount
Authorised share capital				
Equity shares of Rs. 10 each	6,60,00,000	660.00	6,60,00,000	660.00
Issued, subscribed and fully paid up shares				
Equity shares of Rs. 10 each	3,07,59,591	307.59	2,67,59,591	267.59

(a) Reconciliation of equity shares outstanding at beginning and at end of the year:

	As at March 31, 2021		As at March 31, 2020	
	Number of shares	Amount	Number of shares	Amount
At the beginning of the year	2,67,59,591	267.59	2,82,14,132	282.14
Issued during the year (Refer Note 39)	40,00,000	40.00	-	-
Bought Back during the year	-	-	(14,54,541)	(14.55)
At the end of the year	3,07,59,591	307.59	2,67,59,591	267.59

(i) The Board of Directors at its meeting held on January 27, 2020, approved the Buy Back of 2,658,621 equity shares at a price of Rs. 123.21 per share for a total value of Rs. 327.56 being 9.42% of the paid-up Equity Share Capital and free reserves of the Group. Accordingly, during the year ended March 31, 2020, the Holding Company has bought-back 1,454,541 equity shares at a price of Rs. 123.21 per share for an aggregate amount of Rs. 179.21. Further, the Holding Company has paid buy back tax of Rs. 38.98 during the year ended March 31, 2020. The extinguishment of shares were completed in October 2020. The nominal value of equity shares bought back and extinguished amounting to Rs. 14.55 has been reduced from the paid up equity share capital and a corresponding amount has been transferred from Securities Premium to Capital Redemption Reserve as per Section 69 of the Companies Act, 2013. The premium paid for buy-back amounting to Rs. 203.64 (including the buy back tax) has been appropriated from the Securities Premium.

(b) Rights, preferences and restrictions attached to shares

The Holding Company has one class of equity shares having a par value of Rs.10 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Holding Company after distribution of all preferential amounts, in proportion to their shareholding.

(c) Details of shareholders holding more than 5% equity shares in the Holding Company

Name of the shareholder	As at March 31, 2021		As at March 31, 2020	
	Number of shares	%	Number of shares	%
(i) Fabmohur Advisors LLP	25,86,740	8.41%	83,71,040	31.28%
(ii) Vamshidhar Reddy Kallem	20,91,559	6.80%	20,91,483	7.82%
(iii) K. Shalini	20,91,483	6.80%	20,91,483	7.82%
(iv) Pravat Srinivas Reddy*	-	0%	16,92,903	6.33%
(v) Leelavathi Parvatha Reddy*	17,18,712	5.59%	-	0%
(vi) SBI Magnum Children's Benefit Fund-Investment Plan*	17,31,687	5.63%	-	0%

* Represents shareholding less than 5% in current / previous year

As per records of the Holding Company, including its register of shareholders/members, the above shareholding represents both legal and beneficial ownership of shares.

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

- There are no equity shares issued as bonus and shares issued for consideration other than cash during the period of five years immediately preceding the reporting date.
- During the year ended March 31, 2020, the Holding Company has bought back 1,454,541 equity shares of Rs. 10 each.

Notes to the consolidated financial statements for the year ended March 31, 2021

(All amounts are in Indian rupees in millions except share data and unless otherwise stated)

13 Other equity

	As at March 31, 2021	As at March, 31 2020
Securities premium		
Balance at the beginning of the year	1,097.24	1,315.43
Less: Amount utilised towards buy back of equity shares (refer 12 (a) (i))	-	(203.64)
Add: Premium received on issue of shares (refer note 39)	2,195.19	-
Less: Share issue expenses (refer note 39)	(92.87)	-
Less: Transferred to capital redemption reserve (refer 12 (a) (i))	-	(14.55)
Balance at the end of the year	3,199.56	1,097.24
Capital redemption reserve		
Balance at the beginning of the year	14.55	-
Add: Transferred from securities premium reserve on buy back of equity shares (refer 12 (a) (i))	-	14.55
Balance at the end of the year	14.55	14.55
Retained earnings		
Balance at the beginning of the year	871.39	752.25
Add: Other comprehensive loss for the year	(6.07)	(23.97)
Add: Profit for the year	460.66	313.18
Less: Appropriations		
Equity dividend @ Rs. 3 per share (March 31, 2020: Rs. 5 per share)	(80.28)	(141.07)
Tax on equity dividend	-	(29.00)
Balance at the end of the year	1,245.70	871.39
	4,459.81	1,983.18

Nature and purpose of reserves

Security premium represents the amount received in excess of par value of equity shares. Section 52 of Companies Act, 2013 specifies regulation around application of premiums received on issue of shares. Accordingly, the Group has applied securities premium to write off Group's share of expenses incurred on fresh issue of equity shares.

Capital redemption reserve represents the amount of profits transferred from securities premium for the buy back of equity shares. The reserve can be utilised only for limited purposes in accordance with the provisions of the Companies Act, 2013.

Retained earnings are the profits that the Group has earned till date, less dividends or other distributions paid to shareholders. Retained earnings includes re-measurement loss / (gain) on defined benefit plans, net of taxes that will not be reclassified to Statement of Profit and Loss. Retained earnings is a free reserve available to the Group and eligible for distribution to shareholders.

14. Provisions

	As at March 31, 2021	As at March, 31 2020
Non-current		
Provision for Employee Benefits		
- Gratuity (refer note 29)	3.59	23.81
	3.59	23.81
Current		
Provision for Employee Benefits		
- Gratuity (refer note 29)	12.23	13.34
- Compensated absences	13.00	21.00
	25.23	34.34

Notes to the consolidated financial statements for the year ended March 31, 2021

(All amounts are in Indian rupees in millions except share data and unless otherwise stated)

15. Deferred tax liabilities (net)

	As at March 31, 2021	As at March, 31 2020
Deferred tax liability arising on account of timing differences relating to:		
Written down value difference of property, plant and equipment and Intangible assets between tax and financial books	199.56	201.66
	199.56	201.66
Deferred tax asset arising on account of timing differences relating to:		
Expenses allowed on payment basis	14.30	22.03
MAT credit entitlement	58.33	126.56
	72.63	148.59
Deferred tax liability (net)	126.93	53.07

The Group offsets deferred tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority.

Break up of deferred tax (asset) / liabilities

	Opening Balance	Recognised in the statement of profit and loss	Recognised in OCI	Closing balance
For the year ended March 31, 2021:				
Written down value difference of property, plant and equipment and Intangible assets between tax and financial books	201.66	(2.10)	-	199.56
Expenses allowed on payment basis	(22.03)	10.23	(2.50)	(14.30)
MAT credit entitlement*	(126.56)	68.23	-	(58.33)
	53.07	76.36	(2.50)	126.93
For the year ended March 31, 2020:				
Written down value difference of property, plant and equipment and Intangible assets between tax and financial books	205.15	(3.49)	-	201.66
Expenses allowed on payment basis	(7.45)	(4.73)	(9.85)	(22.03)
MAT credit entitlement*	(146.93)	20.37	-	(126.56)
Carry forward of unabsorbed depreciation loss	(50.47)	50.47	-	-
	0.30	62.62	(9.85)	53.07

*The Holding Company is confident of utilising the MAT Credit balance before the expiry of the statutory time limit i.e. between financial year 2032-33 and 2033-34.

Notes to the consolidated financial statements for the year ended March 31, 2021

(All amounts are in Indian rupees in millions except share data and unless otherwise stated)

16. Borrowings

	As at March 31, 2021	As at March, 31 2020
Non-current		
Secured bank loans		
Long-term loan	71.26	-
Current maturity of long-term loans	50.00	-
	121.26	-
Less: Amount clubbed under "other financial liabilities" (refer note 16A)	(50.00)	-
	71.26	-
Current		
Secured bank loans		
Cash Credit	48.51	122.46
Export Packing credit (USD)	-	168.87
	48.51	291.33

- The Long-term loan including current maturities of Rs. 121.26 (sanctioned amount Rs. 250.00) (March 31, 2020: Rs. Nil) from a bank is secured against all property, plant and equipment purchased by utilising the term loan funds. Further the borrowing is secured by collateral security against inventories, trade receivables, and all other charges on current assets of the present and future current assets of the Holding Company. Interest will be charged @2.25% over 1 year MCLR. The loan is repayable in 19 equal quarterly instalment of Rs. 6.38 + Interest commencing from April 2021 payable quarterly. The Holding Company has not fully drawn the loan facility as at March 31, 2021 and accordingly the number of instalments may vary.
- Cash credit, export packing credit facility (USD) and Short term loan aggregating to Rs. 48.51 (March 31, 2020 : Rs. 291.33) is secured against inventories, trade receivables, and all other charges on current assets of the present and future current assets of the Holding Company. Further the borrowing is secured by collateral security on the certain land and building of the Holding Company.
The cash credit facility is repayable on demand and carries interest @ 9.85% p.a. (March 31, 2020 : 10.05% to 12.30% p.a.).
The export packing credit in USD carries interest @ 2.5% to 3.95% P.a. (March 31, 2020: 3%) repaid in the month of December 2020.

The reconciliation between the opening and the closing balances for liabilities arising from financing activities (long term borrowings, including current maturities and short term borrowings) is as follows:

	Opening balance	Proceeds / (repayment) (net)	Forex loss / (gain)	Closing balance
For the year ended March 31, 2021				
Short term	291.33	(242.82)	-	48.51
Long term including current maturities	-	121.26	-	121.26
For the year ended March 31, 2020				
Short term	287.31	(4.95)	8.97	291.33
Long term including current maturities	-	-	-	-

16A Other financial liabilities

	As at March 31, 2021	As at March, 31 2020
Payable for capital goods	23.10	-
Current maturity of long-term loans (refer note 16)	50.00	-
Dividend payable*	3.34	-
Interest payable	-	2.13
	76.44	2.13

* There are no amounts due and outstanding to be credited to Investor Education and Protection Fund.

Notes to the consolidated financial statements for the year ended March 31, 2021

(All amounts are in Indian rupees in millions except share data and unless otherwise stated)

17. Trade payable

	As at March 31, 2021	As at March, 31 2020
- dues of micro, small and medium enterprises	5.74	-
- dues of creditors other than micro, small and medium enterprises	341.83	305.57
	347.57	305.57

Disclosure pertaining to Micro, Small And Medium Enterprises (as per information available with the Group)

	As at March 31, 2021	As at March, 31 2020
Principal amount outstanding as at end of year	5.74	-
Principal amount overdue more than 45 days	0.29	-
Interest due and unpaid as at end of year	-	-
Interest paid to the supplier	-	-
Payments made to the supplier beyond the appointed day during the year	-	-
Interest due and payable for the year of delay	-	-
Interest accrued and remaining unpaid as at end of year	-	-
Amount of further interest remaining due and payable in succeeding year	-	-

The above disclosure has been determined to the extent such parties have been identified on the basis of information available with the Group.

Breakup of financial liabilities carried at amortised cost:

	As at March 31, 2021		As at March 31, 2020	
	Carrying value	Fair value	Carrying value	Fair value
Borrowings - Non current including current maturities	121.26	121.26	-	-
Borrowings - current	48.51	48.51	291.33	291.33
Payable for capital goods	23.10	23.10	-	-
Dividend payable	3.34	3.34	-	-
Interest payable	-	-	2.13	2.13
Trade payables	347.57	347.57	305.57	305.57
	543.78	543.78	599.03	599.03

The management assessed that trade payables, current borrowings and other financial liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments. The fair value of the financial liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The fair value of non-current borrowings are based on discounted cash flow using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy due to the use of unobservable inputs, including own credit risk

18. Other liabilities

	As at March 31, 2021	As at March, 31 2020
Current		
Statutory remittances	22.45	52.22
Contract liability - Advance from customers	369.48	438.68
Others	1.58	1.58
	393.51	492.48

Notes to the consolidated financial statements for the year ended March 31, 2021

(All amounts are in Indian rupees in millions except share data and unless otherwise stated)

19. Revenue from operations

	For the year ended March 31, 2021	For the year ended March 31, 2020
(A) Revenue from contracts with customers		
Sale of products	2,432.29	2,084.50
Sale of service	-	0.08
	2,432.29	2,084.58
(B) Other operating revenue		
- Export benefits	26.62	40.27
- Others	5.41	12.89
	32.03	53.16
(A+B)	2,464.32	2,137.74

(i) Disaggregated revenue information

Set out below is the disaggregation of the Group's revenue from contracts with customers:

	For the year ended March 31, 2021	For the year ended March 31, 2020
India	1,135.12	675.76
Outside India	1,297.17	1,408.82
	2,432.29	2,084.58
Timing of revenue recognition		
Goods transferred at a point of time	2,432.29	2,084.50
Service transferred over a period of time	-	0.08
Total	2,432.29	2,084.58

(ii) Contract balances

	As at March 31, 2021	As at March, 31 2020
Trade receivable	772.78	616.37
Retention money	56.30	13.92
Contract asset		
Unbilled revenue	12.43	12.43
Contract liability		
Advance from customers	369.48	438.68

The performance obligation is satisfied when control of the goods are transferred to the customers based on the contractual terms. Payment terms with customers vary depending upon the contractual terms of each contract.

Trade receivables and retention money are non-interest bearing. Refer note 9 for details on expected credit loss.

Unbilled revenue are initially recognised for revenue earned from transfer of goods and services but not billed to customer because the work completed has to meet requirements of various milestones as set out in the contract with customers. Upon fulfilling the milestones and acceptance by the customer, the amounts recognised as contract assets are reclassified to trade receivables.

Advance from customers pertain to balance received as advance from various parties as certain percentage of the order value. The same will be adjusted against the order on the basis of delivery and collection of receivables.

There is no difference in the contract price negotiated and the revenue recognised in the statement of profit and loss. There is no significant revenue recognised in the current year from performance obligations satisfied in previous years.

(iii) Amounts included in contract liabilities at the beginning of the period recognised as revenue in the current period of Rs. 130.06 (March 31, 2020: Rs. 87.24). Generally the advance from customers are settled over a period of 1 to 3 years.

Notes to the consolidated financial statements for the year ended March 31, 2021

(All amounts are in Indian rupees in millions except share data and unless otherwise stated)

20. Other income

	For the year ended March 31, 2021	For the year ended March 31, 2020
Foreign exchange gain (net)	-	29.06
Interest on bank deposits	13.10	9.01
Interest on income tax refund	-	0.95
Liabilities no longer required written back	-	4.26
Miscellaneous income	-	0.40
	13.10	43.68

21. Cost of materials consumed

	For the year ended March 31, 2021	For the year ended March 31, 2020
Inventory at the beginning of the year	397.37	204.37
Add: Purchases	1,072.38	1,065.55
Less: Inventory at the end of the year	(452.21)	(397.37)
	1,017.54	872.55

22. Changes in inventories of work-in-progress

	For the year ended March 31, 2021	For the year ended March 31, 2020
Inventory at the beginning of the year	357.22	206.34
Less: Inventory at the end of the year	(573.23)	(357.22)
	(216.01)	(150.88)

23. Employee benefits expenses

	For the year ended March 31, 2021	For the year ended March 31, 2020
Salaries, wages and bonus	489.01	472.78
Contribution to provident and other funds (refer note 29 (II))	24.28	27.32
Gratuity expense (refer note 29 (I))	10.08	8.22
Staff welfare expenses	7.03	7.94
	530.40	516.26

24. Finance costs

	For the year ended March 31, 2021	For the year ended March 31, 2020
Interest expenses		
- Short term borrowings	33.64	14.89
- Long term borrowings	4.91	-
- Others	2.43	4.79
Bank charges	29.03	27.85
	70.01	47.53

Notes to the consolidated financial statements for the year ended March 31, 2021

(All amounts are in Indian rupees in millions except share data and unless otherwise stated)

25. Depreciation and amortisation expenses

	For the year ended March 31, 2021	For the year ended March 31, 2020
Depreciation on property, plant and equipment	123.09	119.79
Amortisation on intangible assets	2.48	0.69
	125.57	120.48

26. Other expenses

	For the year ended March 31, 2021	For the year ended March 31, 2020
Sub-contractor charges	76.95	78.60
Production expenses	30.10	31.12
Power and fuel	67.09	72.35
Material testing charges	3.06	3.04
Repairs and maintenance		
- Buildings	15.45	9.17
- Plant and machinery	17.73	22.98
- Others	3.12	3.06
Insurance	7.97	6.39
Rates and taxes	15.84	9.68
Communication	1.34	1.36
Travelling and conveyance	3.00	5.70
Printing and stationary	1.11	1.39
Foreign exchange loss (net)	2.46	-
Freight and forwarding	2.74	4.11
Provision for doubtful receivables and advances	-	14.78
Business promotion	2.63	2.57
Legal and professional charges	20.73	33.32
Security charges	8.17	7.90
Payment to auditors (refer below)	1.85	1.85
Bad debts written off	-	1.82
CSR expenses	7.00	-
Miscellaneous expenses	13.30	8.96
	301.64	320.15

Payment to auditors

	For the year ended March 31, 2021	For the year ended March 31, 2020
Statutory audit*	1.85	1.70
Other services	-	0.15
	1.85	1.85

* Net of Rs 14.75 for the year ended March 31, 2021 accrued towards IPO.

Corporate Social Responsibility (CSR)

The gross amount to be spent by the Group on Corporate Social Responsibility (CSR) during the year is Rs. 6.80 (March 31, 2020 - Rs. 2.08). Amount spent by the Group for CSR activities during the year is Rs. 7.00 (March 31, 2020 - Rs. Nil).

Notes to the consolidated financial statements for the year ended March 31, 2021

(All amounts are in Indian rupees in millions except share data and unless otherwise stated)

27. Tax expense

a) Income tax expense:

The major components of income tax expense

(i) Profit or loss section

	For the year ended March 31, 2021	For the year ended March 31, 2020
A. Current tax	110.25	78.11
B. Deferred tax		
Tax expense on origination and reversal of temporary difference	8.13	42.24
MAT credit utilisation / (entitlement)	68.23	20.36
Actual tax expense accounted in books	186.61	140.71
C. Adjustment of tax relating to earlier periods	1.00	1.44
Income tax expense recognised in the statement of profit and loss	187.61	142.15

(ii) OCI section

	For the year ended March 31, 2021	For the year ended March 31, 2020
Income tax expense to OCI	2.50	9.85

b) Reconciliation of effective tax rate:

	For the year ended March 31, 2021	For the year ended March 31, 2020
Profit before tax (A)	648.27	455.33
Enacted tax rate in India (B)	29.12%	29.12%
Expected tax expenses (C = A*B)	188.78	132.59
Tax effect of		
Adjustments for taxes with respect of earlier years	1.00	1.44
Expenses disallowed under Income Tax Act, 1961	1.89	8.87
Others	(4.00)	(0.75)
Total (D)	(1.11)	9.56
Expected tax expenses (C+D)	187.67	142.15
Income tax expenses	187.61	142.15
Effective tax rate	28.94%	31.22%

28 Earnings per share (EPS)

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

	For the year ended March 31, 2021	For the year ended March 31, 2020
Profit attributable to equity share holders of Holding Company	460.66	313.18
Weighted average number of equity shares in calculating basic and diluted EPS	2,71,01,346	2,81,94,261
Face value of each equity share (Rs.)	10.00	10.00
Basic and diluted earnings per share	16.99	11.11

Notes to the consolidated financial statements for the year ended March 31, 2021

(All amounts are in Indian rupees in millions except share data and unless otherwise stated)

29 Employment benefit plans

I. Defined benefits plan

The Employees' Gratuity Fund Scheme managed by a trust is a defined benefit gratuity plan which is administered through gratuity scheme with Life Insurance Corporation of India. Every employee who has completed five years or more of service gets gratuity, on retirement / termination, at 15 days last drawn salary for each completed year of service subject to a maximum of Rs. 2.00. The following tables summarise 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 gratuity benefit.

A) Net employee benefit expense (recognised in employee benefits expense)

	For the year ended March 31, 2021	For the year ended March 31, 2020
Current service cost	8.04	7.74
Interest cost on defined benefit obligation	9.71	8.05
Interest (Income) on Plan Assets	(7.67)	(7.57)
Net employee benefit expenses	10.08	8.22

B) Amount recognised in the statement of other comprehensive income (OCI)

	For the year ended March 31, 2021	For the year ended March 31, 2020
Remeasurements - due to financial assumptions	8.80	19.16
Remeasurements - due to experience adjustments	1.47	0.29
Return on plan assets	(1.70)	8.04
	8.57	27.49

C) Amount recognised in the balance sheet

	As at March 31, 2021	As at March, 31 2020
Defined benefit obligation	146.84	140.97
Fair value of plan assets	131.02	103.82
Net defined benefit liability	15.82	37.15

D) Changes in the present value of the defined benefit obligation

	As at March 31, 2021	As at March, 31 2020
Opening defined benefit obligation	140.97	112.45
Interest cost	9.71	8.05
Current service cost	8.04	7.74
Net actuarial (losses) / gains on obligations recognised under OCI	7.10	27.20
Benefit Payments from plan assets	(18.98)	(14.47)
Closing defined benefit obligation	146.84	140.97

E) Changes in the fair value of plan assets

	As at March 31, 2021	As at March, 31 2020
Opening fair value of plan assets	103.82	101.30
Interest Income	7.67	7.57
Remeasurements - return on assets	(1.47)	(0.29)
Contributions by employer	39.98	9.71
Benefit Payments from plan assets	(18.98)	(14.47)
Closing fair value of plan assets	131.02	103.82

Expected contribution to the gratuity fund during the next year would be Rs. 15.86 (March 31, 2020: Rs. 16.02).

Notes to the consolidated financial statements for the year ended March 31, 2021

(All amounts are in Indian rupees in millions except share data and unless otherwise stated)

29 Employment benefit plans (contd...)

Investment details of plan assets

	As at March 31, 2021	As at March, 31 2020
Investment with insurer - Assets under Schemes of Insurance	100.00%	100.00%

(i) The principal assumptions used in determining gratuity obligation

	As at March 31, 2021	As at March, 31 2020
Discount rate	6.89%	6.71%
Rate of increase in compensation	5.00%	5.00%
Employee attrition rate	5.00%	5.00%
Mortality rate	Indian assured life mortality (2012-14)	Indian assured life mortality (2012-14)

(ii) Disclosure related to indication of effect of the defined benefit plan on the Group's future cash flow

	As at March 31, 2021	As at March, 31 2020
1 year	12.27	13.34
2-5 years	68.27	63.32
6-10 years	77.88	72.91

The weighted average duration of the defined benefit obligation is 10.07 years (March 31, 2020: 9.98 years).

(iii) Sensitivity analysis:

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

	As at March 31, 2021	As at March, 31 2020
(a) Effect of 1% change in assumed discount rate		
- 1% increase	(8.85)	(8.53)
- 1% decrease	9.98	9.59
(b) Effect of 1% change in rate of increase in compensation		
- 1% increase	10.85	10.43
- 1% decrease	(9.80)	(9.46)
(c) Effect of 1% change in assumed attrition rate		
- 1 % increase	1.04	0.88
- 1 % decrease	(1.16)	(1.00)

II. Defined contribution plans

The Group made Provident Fund and other funds contributions to defined contribution plans for qualifying employees. Under the Schemes, the Group is required to contribute a specified percentage of the payroll costs to fund the benefits. The Group recognised Rs. 24.28 (March 31, 2020: Rs. 27.32) for Provident Fund contributions in the Statement of Profit and Loss. The contributions payable to these plans by the Group are at rates specified in the rules of the schemes.

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

IV. In respect of Provident fund (PF), there are numerous interpretative issues relating to the Supreme Court (SC) Judgement on PF dated February 28, 2019. As a matter of caution, the Group has made prospective compliance from financial year 2019-20. The Group will update its position, on receiving further clarity on this subject.

Notes to the consolidated financial statements for the year ended March 31, 2021

(All amounts are in Indian rupees in millions except share data and unless otherwise stated)

30 The Group is closely monitoring the impact of COVID-19 pandemic on all aspects of its business, including how it will impact its customers, employees, vendors and business partners. The Group based on the information available to date, both internal and external, considered the uncertainty relating to the COVID-19 pandemic in assessing its impact. Based on the current estimates, the Group expects to fully recover the carrying amount of assets and does not foresee any significant material adverse impact on its operations. As the outbreak continues to evolve, the Group will continue to closely monitor any material changes to future economic condition.

31 Commitments and contingencies

a. Commitments

Estimated amount of contracts (net of advances) remaining to be executed on capital account and not provided for: INR 209.29 (March 31, 2020: INR 142.73).

b. Contingent liabilities

- (i) Claims against the Group not acknowledged as debts (excluding interest arrears) is amounting to INR 22.67 for March 31, 2020 (March 31, 2020: INR 21.20)
- (ii) The Group has not made certain filings with the Reserve Bank of India (RBI) as per the requirements of applicable foreign exchange related laws. The Group is in the process of taking corrective action to comply with the applicable foreign exchange laws. The management of the Group, based on its internal assessment and legal advice, believes that the impact of the above non-compliance will not be material to the financial statements.

32 Significant accounting judgements, estimates and assumptions

The preparation of financial statements in conformity with the recognition and measurement principles of Ind AS requires management to make judgements, estimates and assumptions that affect the reported balances 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. There are no significant areas involving a high degree of judgement or complexity.

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 period, are described below. The Group 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 Group. Such changes are reflected in the assumptions when they occur.

i. Defined benefit plans (gratuity benefits)

The cost of the defined benefit gratuity plan and the present value of the gratuity 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 long-term 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 for plans operated in India, 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. Rate of increase in compensation are based on expected future inflation. Further details about gratuity obligations are given in Note 29.

ii. Taxes

Deferred tax asset, comprising of Minimum Alternative Tax ("MAT") credit is recognised to the extent that it is probable that the Group will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward and sufficient taxable profit will be available against which the MAT credit can be utilised. Significant management judgement is required to determine the amount of MAT credit that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

iii. Depreciation of property, plant and equipment and amortization of Intangible assets

Depreciation of property, plant and equipment and amortization of Intangible assets is calculated on a straight-line basis using the rates arrived at based on the useful lives and residual values as estimated by the management. The management

Notes to the consolidated financial statements for the year ended March 31, 2021

(All amounts are in Indian rupees in millions except share data and unless otherwise stated)

believes that depreciation and amortization rates currently used fairly reflect its estimate of the useful lives and residual values of property, plant and equipment and Intangible assets.

33 Financial risk management objectives and policies

The Group's principal financial liabilities comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations. The Group's principal financial assets include trade receivables and other financial assets, cash and cash equivalent and balance at bank other than cash and cash equivalent. The Group is exposed to credit risk, market risk and liquidity risk. The Group has a risk management policy and its management is supported by a risk management committee that advises on risk and appropriate financial risk governance framework for the Group. The risk management committee provides assurance to the Group's management that the risk activities are governed by appropriate policies and procedures and that risks are identified, measured and managed in accordance with the Group's policies and risk objectives. The Board of Directors reviews and agrees policies for managing each of these risks.

A. 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 Group is exposed to credit risk from its operating activities (primarily trade receivables), cash and cash equivalent, balance at bank other than cash and cash equivalent and other financial assets. The Group deals with parties which has good credit rating/worthiness given by external rating agencies or based on Group's internal assessment. The major customers are usually the Government parties and export customers with high credit worthiness.

Exposure to credit risk

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer and the carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk was (i) INR 841.51 (March 31, 2020: INR 642.72), being the total of the carrying amount of balances with trade receivables (including retention money and unbilled revenue) (ii) cash and cash equivalent (excluding cash on hand), balance at bank other than cash and cash equivalent, non-current bank balances and interest accrued of INR 1,918.34 (March 31, 2020: INR 241.41) and (iii) other financial assets of INR 69.61 (March 31, 2020: INR 14.19)

The measurement of impaired credit for carrying amount of the above financial assets is ascertained using the expected credit loss model (ECL) approach. Credit risk is managed through continuously monitoring the creditworthiness of customers. The Group is considerate of the fact the majority of the collection is receivable from export customers with high credit worthiness or the government companies where there are no significant risk of bad debts. The customers of the Group have a defined period for payment of receivables, hence the Group evaluates the concentration of risk with respect to trade receivables as low. The total amount receivable from top 2 customers is INR 519.03 for March 31, 2021 (INR 430.27 for March 31, 2020).

The cash and cash equivalent (excluding cash on hand), balance at bank other than cash and cash equivalent, non-current bank balances and interest accrued of INR 1,918.34 (March 31, 2020: INR 241.41) are held with banks having good credit rating.

B. Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank deposits and loans.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments (including interest payments):

	Within 1 year	1 to 5 years	After 5 years	Total
March 31, 2021				
Borrowings	98.51	71.26	-	169.77
Trade payables	347.57	-	-	347.57
Other financial liability	26.44	-	-	26.44
	472.52	71.26	-	543.78
March 31, 2020				
Borrowings	291.33	-	-	291.33
Trade payables	305.57	-	-	305.57
Other financial liability	2.13	-	-	2.13
	599.03	-	-	599.03

The cash credit facility amounting INR 48.51 (March 31, 2020: INR 122.46) is repayable on demand has been disclosed as within 1 year for the purpose of disclosure of liquidity risk of the Group

Notes to the consolidated financial statements for the year ended March 31, 2021

(All amounts are in Indian rupees in millions except share data and unless otherwise stated)

C. Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises two types of risk: interest rate risk and foreign currency risk. The sensitivity analysis has been included in the below disclosures.

Foreign currency exchange rate risk

The fluctuation in foreign currency exchange rates may have potential impact on the statement of profit and loss. The risks primarily relate to fluctuations in US Dollar (USD) as against the functional currency of the Group. The Group evaluates the impact of foreign exchange rate fluctuations by assessing its exposure to exchange rate risks.

a. The year end unhedged foreign currency exposures is as under:

Particulars	Currency	Amount in Foreign Currency	Exchange rate	Amount in Rs.
Trade receivables				
March 31, 2021	USD	7.19	73.50	528.57
March 31, 2020	USD	5.08	75.39	382.65
Cash and cash equivalents				
March 31, 2021	USD	0.27	73.50	19.73
March 31, 2020	USD	0.00	75.39	0.04
Export packing credit				
March 31, 2021	USD	-	73.50	-
March 31, 2020	USD	2.24	75.39	168.87
Trade payables				
March 31, 2021	USD	2.95	73.50	216.22
March 31, 2020	USD	1.15	75.39	86.41

b. Foreign currency sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in USD exchange rates with all other variables held constant. The impact on the Group's profit before tax is due to changes in the fair value of monetary assets and liabilities.

	Change in USD exchange rate		Effect on profit before tax	
	Increase	Decrease	Increase /Decrease	Decrease
March 31, 2021	1%	1%	3.32	(3.32)
March 31, 2020	1%	1%	1.27	(1.27)

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 Group is exposed to interest rate risk because certain funds are borrowed at floating interest rates. Interest rate risk is measured by using the cash flow sensitivity for changes in variable interest rate. The borrowings of the Group are principally denominated in rupees and US dollars with a mix of fixed and floating rates of interest. The Group has exposure to interest rate risk, arising principally on changes in base lending rate and LIBOR rates. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings.

If interest rates had been 100 basis points (1%) higher / lower and all other variables were held constant, the Group's profit for the year ended March 31, 2021 would decrease / increase by INR 5.04 (March 31, 2020: INR 1.82).

34 Capital management

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

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group monitors capital using a gearing ratio, which is net debt divided by

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(All amounts are in Indian rupees in millions except share data and unless otherwise stated)

total capital plus net debt. The Group's policy is to keep the gearing ratio to an acceptable level. The Group includes within net debt, interest bearing loans and borrowings, less cash and cash equivalents."

In order to achieve this overall objective, the Group's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing borrowing in the current year.

	As at March 31, 2021	As at March, 31 2020
Borrowings	169.77	291.33
Less: Cash and cash equivalents excluding balance with monitoring agency account	(191.38)	(135.54)
Net debt (A)	(21.61)	155.79
Equity (B)	4,767.40	2,250.77
Equity and net debt (C) = (A) + (B)	4,745.79	2,406.56
Gearing ratio (A) / (C)	-0.46%	6.47%

35 Related party disclosures

Names of related parties and description of relationship

(a) Subsidiary company

Magnatar Aero Systems Private Limited (Incorporated on November 04, 2019)

(b) Key managerial personnel

Parvat Srinivas Reddy, Managing Director (Managing director w.e.f September 01, 2020)

Vamsidhar Reddy Kallem, Director (Director upto December 14, 2020)

Mathew Cyriac, Director

Venkatasatishkumar Reddy Gangapatnam, Director

A. Praveen Kumar Reddy (appointed as additional director w.e.f December 14, 2020)

P. Jayaprakash Reddy, Director (Director upto April 10, 2020)

K. Satyanarayana Reddy, Director (Director upto May 07, 2020)

P. Kalpana Reddy (Director upto August 18, 2020)

Dr. C. Suresh Kumar Reddy (Director upto August 25, 2020)

M. Anushman Reddy, Director (Director upto October 19, 2020)

P. Simhadri Reddy (Director upto October 19, 2020)

Rohith Loka Reddy (Director upto October 19, 2020)

Nambi Iyengar Rangachary (Director upto October 23, 2019)

Devesh Dhar Dwivedi, Chief operating officer (Chief financial officer upto August 31, 2020)

Abhaya Shankar, Chief executing officer (Resigned w.e.f May 10, 2020)

Sudipto Bhattacharya, Chief financial officer (Chief financial officer w.e.f September 01, 2020)

Shubham Sunil Bagadia, Company secretary (appointed on October 20, 2020)

(c) Relatives of key management personnel

A. Pranay Kumar Reddy

K. Shalini

(d) Independent / Non-Executive Directors appointed on December 05, 2020

Padmashri Nagarajan Vedachalam

B V R Subbu

A. Krishna Kumar

Ameeta Chatterjee

U C Muktibodh

V.G. Sekaran

Notes to the consolidated financial statements for the year ended March 31, 2021

(All amounts are in Indian rupees in millions except share data and unless otherwise stated)

Transactions and balances with related parties#

A. Transactions with related parties

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Remuneration*		
M. Anushman Reddy	2.57	2.15
Parvat Srinivas Reddy	8.50	-
Devesh Dhar Dwivedi	5.74	2.51
Abhaya Shankar	0.41	7.39
A. Praveen Kumar Reddy	1.29	1.20
A. Pranay Kumar Reddy	1.57	1.52
Shubham Sunil Bagadia	0.24	-
Sudipto Bhattacharya	2.92	-
Professional charges		
P. Jayaprakash Reddy	-	6.64
K. Satyanarayana Reddy	-	4.80
Parvat Srinivas Reddy	2.25	8.00
Sitting fees		
Dr. C. Sukesh Kumar Reddy	0.01	0.03
Venkatasatishkumar Reddy Gangapatnam	0.39	0.04
Vamshidhar Reddy Kallem	0.01	0.03
M.Anushman Reddy	0.01	0.04
P. Simhadri Reddy	0.01	0.03
Parvat Srinivas Reddy	0.01	0.04
Rohith Loka Reddy	0.01	0.03
P. Kalpana Reddy	0.01	0.04
A. Praveen Kumar Reddy	0.38	-
P. Jayaprakash Reddy	-	0.03
Mathew Cyriac	0.47	0.03
Padmashri Nagarajan Vedachalam	0.42	-
B V R Subbu	0.34	-
A. Krishna Kumar	0.54	-
Ameeta Chatterjee	0.50	-
U C Muktibodh	0.50	-
V.G. Sekaran	0.50	-
Rent expense		
K. Shalini	0.10	-
Buy back of equity shares		
P. Jayaprakash Reddy (number)	-	14,54,541

*As the future liability for gratuity and leave encashment is provided on actuarial basis for the Group as a whole, the amount pertaining to the individual is not ascertainable and, therefore, not included above.

#The above transactions do not include IPO related expenses and its recoverable balances, incurred on behalf of related parties as selling shareholders in Offer for Sale. Refer note 39 of the financial statements for details IPO expenses incurred by the Holding Company and allocated to selling shareholders.

Notes to the consolidated financial statements for the year ended March 31, 2021

(All amounts are in Indian rupees in millions except share data and unless otherwise stated)

36 Fair values

There are no significant financial assets and liabilities measured at fair value through profit or loss.

The fair value of the financial assets and liabilities measured at amortised cost approximates their carrying amounts as at the balance sheet date. (refer Breakup of financial assets carried at fair value through profit or loss and Breakup of financial liabilities carried at amortised cost).

37 Segment reporting

The chief operating officer/ chief executive officer of the Group takes decision in respect of allocation of resources and assesses the performance basis the report/ information provided by functional heads and are thus considered to be Chief Operating Decision Maker.

Based on the Group's business model, manufacturing high precision and heavy equipment, components, machines have been considered as a single business segment for the purpose of making decision on allocation of resources and assessing its performance. Accordingly, there are no separate reportable segments in accordance with the requirements of Ind AS 108 'Operating segment' and hence, there are no additional disclosures to be provided other than those already provided in the financial statements. The information relating to revenue from external customers and location of non-current assets of its single reportable segment has been disclosed as below.

The geographic information analyses the Group's revenues and non-current assets by the country of domicile and other countries. In presenting geographic information, segment revenue has been based on the location of the customer and segment assets are based on geographical location of the assets.

(a) Revenue from contracts with customers

	For the year ended March 31, 2021	For the year ended March 31, 2020
India	1,135.12	675.76
Outside India	1,297.17	1,408.82
Total	2,432.29	2,084.58

(b) The Group has entire non-current assets within India. Hence, separate figures have not been furnished.

(c) Customer contributing more than 10% of revenue

	No of customers	Amount
For the year ended March 31, 2021	2	1,704.93
For the year ended March 31, 2020	2	1,573.44

38 Interest in other entities

a) **Subsidiar**

The Group's subsidiary is set out below. Unless otherwise stated, they have share capital consisting solely of equity shares that are held directly by the Group and proportion of ownership interests held equals the voting rights held by the Group. The country of incorporation or registration is also their principal place of business:

Name of entity	Principle activity	Country of incorporation
Magnatar Aero Systems Private Limited *	Specialising in the manufacture of domestic appliance	India

*On November 4, 2019, the Holding Company has incorporated Magnatar Aero Systems Private Limited ('Subsidiary').

Pursuant to incorporation of subsidiary, the Holding Company has prepared consolidated financial statement for the year ended March 31, 2020 for the first time.

Ownership interest held by the group %

March 31, 2021	100%
March 31, 2020	100%

Notes to the consolidated financial statements for the year ended March 31, 2021

(All amounts are in Indian rupees in millions except share data and unless otherwise stated)

- b) Additional information, as required under schedule III of the Companies Act, 2013, as required enterprises considered as subsidiary.

Summary of net assets and profits

Net Assets

Name the entity	As at March 31, 2021		As at March 31, 2020	
	% age	Amount	% age	Amount
A. Holding Company	100.00%	4,767.57	100.00%	2,250.77
B. Subsidiary				
Magnatar Aero Systems Private Limited	-0.01%	(0.73)	0.00%	0.10
Total	99.99%	4,766.84	100.00%	2,250.87
Consolidation adjustments	0.01%	0.56	0.00%	(0.10)
Net Amount	100.00%	4,767.40	100.00%	2,250.77

Share of profit

Name the entity	For the year ended March 31, 2021		For the year ended March 31, 2020	
	% age	Amount	% age	Amount
A. Holding Company	100.04%	460.83	100.00%	313.18
B. Subsidiary				
Magnatar Aero Systems Private Limited	-0.04%	(0.17)	0.00%	-
Total	100.00%	460.66	100.00%	313.18
Consolidation adjustments	0.00%	-	0.00%	-
Net Amount	100.00%	460.66	100.00%	313.18

Share in other comprehensive loss

Name the entity	For the year ended March 31, 2021		For the year ended March 31, 2020	
	% age	Amount	% age	Amount
A. Holding Company	100%	(6.07)	100%	(23.97)
B. Subsidiary				
Magnatar Aero Systems Private Limited	0.00%	-	0.00%	-
Total	100.00%	(6.07)	100.00%	(23.97)
Consolidation adjustments	0.00%	-	0.00%	-
Net Amount	100.00%	(6.07)	100.00%	(23.97)

Share in total comprehensive income

Name the entity	For the year ended March 31, 2021		For the year ended March 31, 2020	
	% age	Amount	% age	Amount
A. Holding Company	100.04%	454.76	100.00%	289.21
B. Subsidiary				
Magnatar Aero Systems Private Limited	-0.04%	(0.17)	0.00%	-
Total	100.00%	454.59	100.00%	289.21
Consolidation adjustments	0.00%	-	0.00%	-
Net Amount	100.00%	454.59	100.00%	289.21

The disclosure above represents separate information for the consolidated entity before elimination of inter-company transactions. The net impact on elimination of inter-company transactions/ profits/ consolidation adjustments have been disclosed separately. Based on the Group's structure, the management is of the view that the above disclosure is appropriate under requirements of the Companies Act, 2013.

Notes to the consolidated financial statements for the year ended March 31, 2021

(All amounts are in Indian rupees in millions except share data and unless otherwise stated)

39 Issue of shares

(i) Issue of shares via Initial Public Offering (IPO)

The Holding Company has completed the Initial Public Offering (IPO) of 10,372,419 equity shares of face value of INR 10 each for cash at a price of INR 575 per equity share aggregating to INR 5,964.14 comprising a fresh issue of 2,148,149 equity shares aggregating to INR 1,235.19 and on offer for sale of 8,224,270 equity shares aggregating to INR 4,728.95. Pursuant to the IPO, the equity shares of the Holding Company got listed on National Stock Exchange (NSE) and Bombay Stock Exchange (BSE) on March 15, 2021.

The total IPO expenses incurred INR 379.30 (on provisional basis) (Inclusive of taxes) have been proportionately allocated between the selling shareholder and the Holding Company. The Holding Company's share of expenses (net of tax of INR 8.36), INR 66.53 has been adjusted against securities premium.

(ii). Issue of shares via Private placement

The Holding Company has made allotment through preferential basis by making a pre-IPO placement of 1,851,851 equity shares of face value of INR 10 each for cash at a price of INR 540 per equity share aggregating to INR 1,000.00. The Holding Company has incurred INR 26.34 as share issue expenses (net of tax of INR 4.73) which has been adjusted against the securities premium.

(iii) Utilisation of proceeds from IPO and pre-IPO placement

The details of utilization of proceeds from IPO and pre-IPO placement, net of IPO expenses of INR 105.96 (gross of tax) are as follows:

Particulars	Amount	Utilised upto March 31, 2021	Un-utilised upto March 31, 2021
Repayment / prepayment in full or in part of borrowings availed by the Holding Company	630.00	586.87	43.13
Funding for working capital requirements	950.00	-	950.00
General corporate purposes	549.23	-	549.23
Total utilised/un-utilised funds	2129.23*	586.87	1542.36*

IPO Proceeds which were unutilised as at March 31, 2021 are temporarily invested in Deposits with monitoring agency amounting to INR 1,540.23

* Includes balance of INR 2.13 in IPO Escrow Account.

40 Subsequent event

No significant subsequent events have been observed till June 02, 2021 which may require any additional disclosure or an adjustment to the financial statements.

As per our report of even date

For S.R. BATLIBOI & ASSOCIATES LLP
Chartered Accountants
ICAI Firm registration number: 101049W/E300004

For and on behalf of the Board of Directors of
**MTAR Technologies Limited (formerly known as
MTAR Technologies Private Limited)**

per Navneet Rai Kabra
Partner
Membership no:102328

Parvat Srinivas Reddy
Managing Director
DIN : 00359139

Venkatasatishkumar Reddy Gangapatnam
Director
DIN : 06535717

Place: Hyderabad
Date: June 02, 2021

Sudipto Bhattacharya
Chief Financial Officer

Shubham Sunil Bagadia
Company Secretary
Membership no: ACS-55748



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