



40th  
*Annual Report*  
**2020-21**

**Samrat Forgings Limited**

**SAMRAT FORGINGS LIMITED**

**40<sup>th</sup> ANNUAL REPORT 2020-21**

**BOARD OF DIRECTORS**

Mrs. Bindu Chowdhary  
(Chairperson)

Mr. Rakesh M. Kumar  
(Managing Director)

Mrs. Ritu Joshi

Mr. Ajay Arora

Mr. Ashok Lakhanpal

Ms Niveta Sharma

**COMPANY SECRETARY**

Mr. Sandeep Kumar

**CHIEF FINANCIAL OFFICER**

Mr. A.P.S. Grover

**AUDITORS**

M/s. Jain & Associates

Chartered Accountants

SCO : 178, Sector 5,

Panchkula - 134109

**BANKERS**

The Jammu & Kashmir Bank Ltd.

SCO 803-804, Sector 22-A,

Chandigarh-160 022

**STOCK EXCHANGE** - BSE Limited

**REGISTERED OFFICE**

#406, First Floor, Sector 15-A,  
Chandigarh-160 015

Phone: 0172-2774555

E-mail: info@samratforgings.com

Website: www.samratforgings.com

CIN:U28910CH1981PLC004522

**FORGING UNIT &  
ADMINISTRATIVE OFFICE**

Village & PO Gholu Majra,  
Chandigarh - Ambala Highway,  
Tehsil : Derabassi,  
Distt. Mohali (Punjab)

**CNC MACHINING UNIT**

Village Bhankerpur,  
Tehsil : Derabassi,  
Distt. Mohali (Punjab)

**REGISTRARS AND SHARE  
TRANSFER AGENTS**

Mas Services Ltd.

T-34, 2nd Floor,

Okhla, Industrial Area,

Phase - II, New Delhi - 110020

Email : info@masserv.com

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**40<sup>th</sup> ANNUAL GENERAL MEETING**

on Thursday, 30<sup>th</sup> September, 2021

at 11:30 A.M. through

Video Conferencing / Other Audio Visual Means

## NOTICE

Notice is hereby given that the 40th Annual General Meeting of Samrat Forgings Limited will be held on Thursday, the 30th day of September, 2021 at 11.30 A.M. through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM"), to transact the following business:

### ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Financial Statements of the Company for the Financial Year ended 31st March, 2021 and the Reports of the Board of Directors and Auditors thereon.

**"RESOLVED THAT** the Audited Financial Statements of the Company, Report of the Board of Directors and the Auditors' thereon for the financial year ended on March 31, 2021 alongwith Annexures as laid before this Annual General Meeting be and are hereby received, considered, approved and adopted."

2. To appoint a Director in place of Mrs. Ritu Joshi (DIN: 01598873), who retires by rotation and, being eligible, offers herself for re-appointment.

**"RESOLVED THAT** Mrs. Ritu Joshi (DIN: 01598873), a Director of the Company who retires by rotation at this Meeting, being eligible for re-appointment as Director of the Company be and is hereby re-appointed as a Director of the Company whose period of office shall be liable to determination by retirement of Director by rotation."

### SPECIAL BUSINESS

3. To ratify the remuneration payable to the Cost Auditors of the Company for the financial year ending March 31, 2022.

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

**"RESOLVED THAT** pursuant to the provisions of Section 148 and other applicable provisions of the Companies Act, 2013, the Companies (Audit and Auditors) Rules, 2014 and the Companies (Cost Records and Audit) Rules, 2014 (including any statutory amendment(s), modification(s) or re-enactment(s) thereof), the remuneration payable to M/s. Balwinder & Associates, Cost Accountants (Firm Registration No.: 000201) appointed as the Cost Auditors of the Company, to conduct an audit of the cost records of the Company for the Financial Year ending on March 31, 2022, at Rs. 40,000/- (Rupees Forty Thousand Only) plus GST and reimbursement of out-of-pocket expenses, be and is hereby approved and ratified.

**RESOLVED FURTHER THAT** the Board of Directors of the Company and / or the Chief Financial Officer and / or the Company Secretary be and are hereby severally authorized to take all such steps, as may be necessary, proper or expedient, to give effect to this resolution and to do all such acts, deeds, matters and things as may be incidental thereto."

**4. Shifting of Registered Office from the Union Territory of Chandigarh to the State of Punjab**

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

**“RESOLVED THAT** pursuant to the provisions of section 12, 13(4) and other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification or re-enactment thereof, for the time being in force) and subject to the approval of the Regional Director (Northern Region), Ministry of Corporate Affairs, Government of India and other regulatory authorities, government(s), judicial/quasi-judicial authorities, court(s) etc, consent of the members be and is hereby accorded for shifting of the Registered Office of the Company from the Union Territory of Chandigarh to the State of Punjab.

**RESOLVED FURTHER THAT** subject to the aforementioned approval and pursuant to section 13 and all other applicable provisions, if any of the Companies Act, 2013, the existing clause II of Memorandum of Association of the Company be and is hereby substituted with the following clause II:

“II. The Registered Office of the Company will be situated in the State of Punjab.”

**RESOLVED FURTHER THAT** for the purpose of giving effect to this resolution, Mr. Rakesh M Kumar, Managing Director and Mr. Sandeep Kumar, Company Secretary of the Company be and are hereby severally authorized to do all such acts, deeds, filings, matters and things and execute all such deeds, documents, instruments and writings on behalf of the Company as may be required, to settle all questions, difficulties or doubts that may arise in this regard as the aforesaid officials of the Company may in their sole and absolute discretion deem fit and delegate all or any of the powers herein conferred to any Director(s), Officer(s) and/or the Consultant of the Company, if required, as may in their absolute discretion deem it necessary or desirable.”

Regd. Office:  
# 406, First Floor,  
Sector 15-A, Chandigarh – 160 015  
Email: info@samratforgings.com  
CIN: U28910CH1981PLC004522  
Date: 14.08.2021

By order of the Board of Directors  
**For Samrat Forgings Limited**

**(Sandeep Kumar)**  
**Company Secretary**  
**FCS-9075**

**NOTES:**

1. The relative Explanatory Statement pursuant to Section 102 of the Act, setting out material facts concerning the business under Item No. 3 & 4 of the Notice, is annexed hereto. The relevant details, pursuant to Regulations 26(4) and 36(3) of the Listing Regulations and Secretarial Standard on General Meetings issued by the Institute of Company Secretaries of India, in respect of Director seeking re-appointment at this AGM are also annexed.
2. In view of the global outbreak of the Covid-19 pandemic, the Ministry of Corporate Affairs ("MCA") has vide its General Circular No. 20/2020 dated 5th May, 2020 read with General Circular No. 14/2020 dated 8th April, 2020, No. 17/ 2020 dated 13th April, 2020, No. 33/ 2020 dated September 28, 2020 and General Circular No. 39/2020 dated December 31, 2020 in relation to "Clarification on passing of ordinary and special resolutions by companies under the Companies Act, 2013 and the rules made thereunder on account of the threat posed by Covid-19" and General Circular No.02/2021 dated January 13, 2021 (collectively referred to as "MCA Circulars") and SEBI vide its circular dated January 15, 2021 have permitted the holding of the General Meetings through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM"), without the physical presence of the Members at a common venue.

**In compliance with the provisions of the Companies Act, 2013 ("Act"), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") and above referred MCA Circulars, the AGM of the Company is being held through VC/OAVM on Thursday, 30<sup>th</sup> September, 2021 at 11.30 AM. The deemed venue for the meeting shall be registered office of the Company at #406, First Floor, Sector 15-A, Chandigarh – 160015. The procedure for participating in the meeting through VC/ OAVM is explained at Note No. 22.**

3. As this AGM is being held through VC/OAVM, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice. The Route Map is also not required to be annexed to the Notice.
4. The facility for joining AGM through VC/OVAM will be available to all the Members, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors, Scrutinizers etc. Members can login and join 15 (fifteen) minutes prior to the schedule time of meeting and window for joining shall be kept open till the expiry of 15 (fifteen) minutes after the scheduled time.
5. Members attending the AGM through VC/OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.
6. Institutional Investors / Corporate Shareholders (i.e. other than Individual / HUF / NRI etc) can appoint their authorised representatives pursuant to Sections 112 and 113 of the Act, as the case may be, to attend the AGM through VC / OAVM or to vote through remote e-Voting. They are requested to send a certified copy of the Board Resolution of authorization to the Scrutinizer by e-mail at kanwalcs@gmail.com with a copy marked to helpdesk.evoting@cdslindia.com.
7. In case of Joint Holders attending the AGM, only such Joint Holder whose name appear first in the order of names will be entitled to vote.
8. Only bona fide members of the Company, whose name appear first on the Register of Members, will be permitted to attend the meeting through VC/ OAVM. The Company reserves its right to take all necessary steps as may be deemed necessary to restrict non-members from attending the meeting.

## Samrat Forgings Limited

9. The Register of Directors and Key Managerial Personnel and their Shareholding, maintained under Section 170 of the Act and the Register of Contracts or Arrangements in which the Directors are interested maintained under Section 189 of the Act will be available for inspection by the Members in electronic mode during the AGM. Members who wish to seek inspect, may send their request through an email at [sandeepsharma@samratforgings.com](mailto:sandeepsharma@samratforgings.com) up to the date of AGM.
10. M/s Jain & Associates, Chartered Accountants, were appointed as Statutory Auditors of the Company at the 36th Annual General Meeting ("AGM") held on 29th September, 2017, to hold office from the conclusion of that AGM for a period of five years. Pursuant to Notification issued by the Ministry of Corporate Affairs on 7th May, 2018 amending section 139 of the Act and the Rules framed thereunder, the mandatory requirement for ratification of appointment of Auditors by the Members at every AGM has been omitted. Hence, no resolution is being proposed for ratification of appointment of statutory auditors at this AGM.
11. In line with the aforesaid MCA and SEBI circulars, the notice of the AGM along with the Annual Report 2020-21 is being sent only through electronic mode to those Members whose email addresses are registered with the Company/ Depositories. Members may note that the Notice and Annual Report 2020-21 has been uploaded on the Company's website [www.samratforgings.com](http://www.samratforgings.com) and may also be accessed from the relevant section of the website of the Stock Exchange i.e. BSE Limited at [www.bseindia.com](http://www.bseindia.com). The AGM Notice is also available on the website of CDSL at [www.evotingindia.com](http://www.evotingindia.com).
12. M/s Mas Services Ltd, having their office at T-34, 2<sup>nd</sup> Floor, Okhla Industrial Area, Phase II, New Delhi - 110 020 are the Company's Registrar and Share Transfer Agent ("RTA") for its Share Registry Work (Physical and Electronic).
13. The Register of Members and Share Transfer Books of the Company will remain closed from 26.09.2021 to 30.09.2021 (both days inclusive).
14. In terms of Regulation 40 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, securities of the listed companies can only be transferred in dematerialized form with effect from 1st April, 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, Members are advised to dematerialize shares held by them in physical form. Members can contact the Company's Registrar and Share Transfer Agents M/s Mas Services Ltd for assistance in this matter.
15. 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 RTA to do the needful.
16. The Securities and Exchange Board of India (SEBI) has directed for the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN to the Company/RTA.
17. Pursuant to the provisions of Section 72 of the Companies Act, 2013, Members can avail of the facility of nomination in respect of shares held by them. Members desiring to avail of this facility may send their nomination in the prescribed Form SH-13 duly filled in. If a Member desires to cancel the earlier nomination and record a fresh nomination, he may submit the same in Form SH- 14. The said forms can be downloaded from the Company's website at [www.samratforgings.com](http://www.samratforgings.com). Members are requested to submit the said forms to their DP in case the shares are held in electronic form and to the RTA at [info@masserv.com](mailto:info@masserv.com) in case the shares are held in physical form by quoting their Folio No.
18. **Members are requested to:**
  - i. Intimate their latest bank account details viz. name and address of the branch of the bank

with 9 digit MICR code of the branch & 11 digit IFSC code, type of account and account number, to the respective depository participant in case shares are held in demat mode and to the Company's Registrar and Share Transfer Agent M/s Mas Services Limited, in case shares are held in physical mode.

- ii. Intimate changes, if any, pertaining to their registered addresses, email address, telephone/mobile numbers, specimen signatures (duly attested by the bank), nomination, etc. to their respective depository participants, where shares are held in electronic mode and to the Company's Registrar and Share Transfer Agent, M/s Mas Services Limited, in case shares are held in physical mode.
- iii. Quote their folio number/Client ID/DP ID in all correspondence.
- 19. Members desirous of obtaining any information concerning the accounts and operations of the Company are requested to address their questions in writing to the Company Secretary of the Company by 25th September, 2021.

Members who would like to express their views or ask questions during the AGM may register themselves as a speaker by sending their request from their registered email address mentioning their name, DP ID and Client ID/folio number, PAN, mobile number at sandeepsharma@samratforgings.com atleast 7 days prior to the AGM. Those Members who have registered themselves as a speaker will only be allowed to express their views/ask questions during the AGM. The Company reserves the right to restrict the number of speakers depending on the availability of time for the AGM.

- 20. Relevant documents referred to in the accompanying Notice shall be available for inspection by the Members through electronic mode on the basis of request being sent on sandeepsharma@samratforgings.com.
- 21. Members holding shares in physical mode and who have not registered/updated their email addresses with the Company are requested to register/update their email addresses by writing to the Company or to the RTA of the Company. Members holding shares in dematerialised mode are requested to register/update their email addresses with the relevant Depository Participants.

### **Process for those Members whose email ids are not registered:**

- a) **For Members holding Shares in the physical form** - Please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), self-attested scanned copy of PAN card, self-attested scanned copy of Aadhar Card by email to the Company or RTA of the Company at: sandeepsharma@samratforgings.com or info@masserv.com.
- b) **For Members holding Shares in Demat form** - Please provide Demat account details (CDSL- 16 digit beneficiary ID or NSDL-16 digit DPID + Client ID), Name, client master or copy of Consolidated Account statement, self-attested scanned copy of PAN card, self-attested scanned copy of Aadhar Card to the Company at sandeepsharma@samratforgings.com or RTA of the Company at info@masserv.com.
- c) In terms of SEBI circular dated December 9, 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 required to update their mobile number and email ID correctly in their demat account in order to access e-Voting facility.

### **22. Voting through Electronic means:**

- I. In accordance with the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended), Regulation 44 of the Listing Regulations (as amended) and the MCA Circulars, the Company is providing facility of remote e-Voting to its members to exercise their right to



vote in respect to the business to be transacted at the AGM. For this purpose, the Company has availed the services from CDSL for facilitating voting through electronic means, as the authorised agency.

- II. Members of the Company holding shares either in physical form or in electronic form as on the cut-off date of 23<sup>rd</sup> September, 2021 may cast their vote by remote e-Voting. A person who is not a Member as on the cut-off date should treat this Notice for information purpose only. A person whose name is recorded in the Register of Members or in the Register of Beneficial Owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-Voting before the AGM as well as remote e-Voting during the AGM. Any person who acquires shares of the Company and becomes a Member of the Company after the dispatch of the Notice and holding shares as on the cut-off date i.e. 23<sup>rd</sup> September, 2021, may obtain the User ID and Password by sending a request at [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or to the Company's Registrar and Share Transfer Agent at [info@masserv.com](mailto:info@masserv.com)
- III. The remote e-Voting period commences on 27<sup>th</sup> September, 2021 at 9.00 AM and ends on 29<sup>th</sup> September, 2021 at 5.00 PM. During this period members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 23<sup>rd</sup> September, 2021, may cast their vote by remote e-Voting. The remote e-Voting module shall be disabled by CDSL for voting thereafter. Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently.
- IV. Members will be provided with the facility for voting through electronic voting system during the VC proceedings at the AGM and Members participating at the AGM, who could not cast their vote by remote e-Voting. They will be eligible to exercise their right to vote at the end of discussion on the resolutions on which voting is to be held, upon announcement by the Chairperson. Members could have cast their vote on resolution(s) by remote e-Voting prior to the AGM will also be eligible to participate at the AGM through VC/OAVM but shall not be entitled to cast their vote on such resolution(s) again. The remote e-Voting module on the day of the AGM shall be disabled by CDSL for voting 15 minutes after the conclusion of the Meeting.
- V. Pursuant to SEBI Circular No. SEBI/HO/FD/ CMD/CIR/P/2020/242 dated December 9, 2020, under regulation 44 of the Listing Regulations, listed companies are required to provide remote e-voting facility to its shareholders in respect of all shareholders resolutions. However, it has been observed that the participation by the public non-institutional members / retail members is at a negligible level. Currently there are multiple e-voting service providers ("ESPs") providing e-voting facility to listed companies in India. This necessitates registration on various ESPs and maintenance of multiple user IDs and passwords by the members. In order to increase the efficiency of the voting process, pursuant to a public consultation, it has been decided to enable e-voting to all the demat account holders by way of a single login credential, through their demat accounts / websites of Depositories / Depository Participants. Demat account holders would be able to cast their vote without having to register again with the ESPs, thereby, not only facilitating seamless authentication, but also enhancing ease and convenience of participating in e-voting process.
- VI. In view of the aforesaid SEBI Circular dated December 9, 2020, individual members holding shares in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Members are advised to update their mobile number and email ID in their demat accounts in order to access e-voting facility.

Pursuant to the aforesaid SEBI Circular dated December 9, 2020, login method for e-voting and joining virtual meetings for individual members holding shares in demat mode is given below:



<b>Type of Member</b>	<b>Login Methods</b>
<b>Individual member holding shares in demat mode with CDSL</b>	<ol style="list-style-type: none"> <li>1) Users who have opted for CDSL's Easi / Easiest facility, can login through their existing user id and password. Option will be made available to reach e-voting page without any further authentication. The URLs for users to login to Easi / Easiest are <a href="https://web.cdslindia.com/myeasi/home/login">https://web.cdslindia.com/myeasi/home/login</a> or <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on Login icon and select New System Myeasi.</li> <li>2) After successful login the Easi / Easiest user will be able to see the e-Voting option for eligible companies where the e-voting is in progress as per the information provided by Company. On clicking the e-voting option, the user will be able to see e-Voting page of the e-Voting service provider for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting. Additionally, there is also links provided to access the system of all e-Voting Service Providers i.e. CDSL/NSDL/KARVY/ LINKINTIME, so that the user can visit the e-Voting service providers' website directly.</li> <li>3) If the user is not registered for Easi/Easiest, option to register is available at <a href="https://web.cdslindia.com/myeasi/Registration/EasiRegistration">https://web.cdslindia.com/myeasi/Registration/EasiRegistration</a> Easi Registration.</li> <li>4) Alternatively, the user can directly access e-voting page by providing Demat Account Number and PAN from a link on <a href="http://www.cdslindia.com">www.cdslindia.com</a> home page. The system will authenticate the user by sending OTP on registered Mobile &amp; Email ID as recorded in the Demat Account. After successful authentication, user will be provided links for the respective ESP where the e-voting is in progress and also able to directly access the system of all e-Voting Service Providers.</li> </ol>
<b>Individual member holding shares in demat mode with NSDL</b>	<ol style="list-style-type: none"> <li>1) If you are already registered for NSDL IDeAS facility, please visit the e-Services website of NSDL. Open web browser by typing the following URL: <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a> either on a personal computer or on a mobile. Once the home page of e-Services is launched, click on the "Beneficial Owner" icon under "Login" which is available under 'IDeAS' section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-voting services. Click on "Access to e-voting" under e-voting services and you will be able to see e-voting page. 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 or joining virtual meeting &amp; voting during the meeting.</li> <li>2) If the user is not registered for IDeAS e-Services, option to register is available at <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a>. Select "Register Online for IDeAS" Portal or click at <a href="https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp">https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp</a></li> <li>3) Visit the e-voting website of NSDL. Open web browser by typing the following URL: <a href="https://www.evoting.nsdl.com/">https://www.evoting.nsdl.com/</a> either on a personal computer or on a mobile. Once the home page of e-voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number held with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-voting page. 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 or joining virtual meeting &amp; voting during the meeting.</li> </ol>

<b>Individual member (holding shares in demat mode) login through their Depository Participants</b>	You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-voting facility. After successful login, you will be able to see e-voting option. Once you click on e-voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-voting feature. Click on Company name or e-voting service provider name and you will be redirected to e-voting service provider's website for casting your vote during the remote e-voting period or joining virtual meeting & voting during the meeting.
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Important note: Members who are unable to retrieve User ID / Password are advised to use Forgot User ID and Forgot Password option available at abovementioned websites.

**Helpdesk for individual members holding securities in demat mode for any technical issues related to login through Depository i.e. CDSL and NSDL**

<b>Login Type</b>	<b>Helpdesk details</b>
Individual members holding securities in Demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a> or contact at 022-23058738 and 022- 23058542-43.
Individual members holding securities in Demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at <a href="mailto:evoting@nsdl.co.in">evoting@nsdl.co.in</a> or call at toll free no.: 1800 1020 990 and 1800 22 44 30.

**Login method for e-voting and joining virtual meeting for members other than individual shareholders and physical shareholders is as under:**

1. The member should log on to the remote e-voting website [www.evotingindia.com](http://www.evotingindia.com)
2. Click on 'Shareholders' module
3. Now Enter your User ID
  - a. For CDSL: 16 digits beneficiary ID,
  - b. For NSDL: 8 Character DP ID followed by 8 Digit Client ID,
  - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.

Or

Alternatively, if you are registered for CDSL's EASI/EASIEST e-services, you can log-in at <https://www.cdslindia.com> from login myeasi using your login credentials. Once you successfully login to CDSL's EASI/EASIEST e-services, click on e-voting option and proceed directly to cast your vote electronically.

4. Next enter the Image Verification as displayed and Click on Login.
5. If you are holding shares in Demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
6. If you are a first time user follow the steps given below:

	<b>For Members holding shares in Demat Form other than individual and Physical Form</b>
PAN	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both, members holding shares in demat mode and members holding shares in physical mode). <ul style="list-style-type: none"> <li>Members who have not updated their PAN with the Company/Depository Participant are requested to use sequence number sent by Company/RTA or contact Company/RTA.</li> </ul>
Dividend Bank Details OR Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login. <ul style="list-style-type: none"> <li>If both the details are not recorded with the depository or company please enter the member id/folio number in the Dividend Bank details field.</li> </ul>

7. After entering these details appropriately, click on “SUBMIT” tab.
8. Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach ‘Password Creation’ menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting on resolutions of any other company in which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
9. For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
10. Click on the EVSN for Samrat Forgings Limited on which you choose to vote.
11. On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same the option “YES/NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
12. Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
13. After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
14. Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
15. You can also take print out of the voting done by you by clicking on “Click here to print” option on the Voting page.
16. If demat account holder has forgotten the changed password then enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
17. Members can also cast their vote using CDSL’s mobile app m-Voting. The m-Voting app can be downloaded from respective Store. Please follow the instructions as prompted by the mobile app while remote e-voting on your mobile.
18. **Note for Non-Individual members and Custodians – Remote e-voting:**
  - Non-Individual members (i.e. other than Individuals, HUF, NRI, etc.) and Custodians are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves in the “Corporates” module.

- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
- After receiving the login details a Compliance User should be created using the admin login and password. The Compliance Users would be able to link the account(s) for which they wish to vote on.
- The list of accounts linked in the login should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney ("POA") which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- Alternatively, Non-Individual members are required to send the relevant Board Resolution/ Authority Letter etc. together with attested specimen signature of the duly authorised signatories who are authorised to vote, to the scrutinizer and to the Company at the email address viz, [kanwalcs@gmail.com](mailto:kanwalcs@gmail.com) and [sandeepsharma@samratforgings.com](mailto:sandeepsharma@samratforgings.com), if they have voted from individual tab and not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.

If you have any queries or issues regarding attending AGM & e-voting from the e-voting system, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or contact at 022-23058738 and 022-23058542/43.

All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Manager, CDSL, A, Wing, 25th Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai-400013 or send an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or call on 022-23058542/43.

**Instructions for members attending the AGM through VC / OAVM and e-voting during AGM are as under:**

- I. The procedure for attending the AGM and e-voting on the day of the AGM is same as the instructions mentioned above for remote e-voting.
- II. The link for VC / OAVM to attend AGM will be available where the EVSN of the Company will be displayed after successful login as per the instructions mentioned above for remote e-voting.
- III. Members who have voted through remote e-voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.
- IV. Members are encouraged to join the Meeting through Laptops/IPads for better experience.
- V. Further, Members will be required to allow camera and use internet connection with a good speed to avoid any disturbance during the meeting.
- VI. Please note that participants connecting from mobile devices or tablets or through laptop connecting via mobile hotspot may experience audio/video loss due to fluctuation in their respective network. It is therefore recommended to use stable Wi-Fi or LAN connection to mitigate any kind of aforesaid glitches.
- VII. Members who would like to express their views/ ask questions during the AGM may register themselves as a speaker by sending their request in advance at least 7 days prior to the AGM mentioning their name, demat account number / folio number, email id, mobile number at [sandeepsharma@samratforgings.com](mailto:sandeepsharma@samratforgings.com). The members who do not wish

to speak during the AGM but have queries may send their queries in advance 7 days prior to the AGM mentioning their name, demat account number / folio number, email id, mobile number at sandeepsharma@samratforgings.com. These queries will be replied to by the Company suitably by email.

- VIII. Those members who have registered themselves as a speaker will only be allowed to express their views/ask questions during the AGM. The Company reserves the right to restrict the number of speakers depending on the availability of time for the AGM.
- IX. Only those members, who are 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 available during the AGM.
- X. If any votes are cast by the members through the e-voting available during the AGM and if the same members have not participated in the AGM through VC/OAVM facility, then the votes cast by such members shall be considered invalid as the facility of e-voting during the meeting is available only to the members attending the AGM.
- XI. Facility of joining the AGM through VC/OAVM shall open 15 minutes before the time scheduled for the AGM and will be available for members on 'first come first serve' basis.

### 23 OTHER INSTRUCTIONS

- i. Mr. Kanwaljit Singh, Practicing Company Secretary (Certificate of Practice No. 5870) has been appointed as the Scrutinizer to scrutinize remote e-voting process before the AGM as well as remote e-voting during the AGM in a fair and transparent manner.
- ii. The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting, by use of remote e-voting system for all those Members who are present during the AGM through VC/ OAVM but have not cast their votes by availing the remote e-Voting facility.
- iii. The Scrutinizer shall immediately after the conclusion of voting at the AGM, unblock the votes cast and make, not later than 48 hours of conclusion of the AGM, a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who will acknowledge the receipt of the same and declare the result of the voting forthwith.
- iv. The Results will be declared within 48 hours of conclusion of the AGM. The results declared along with the Scrutinizer's Report shall be placed on the Company's website [www.samratforgings.com](http://www.samratforgings.com) and on the website of CDSL [www.evotingindia.com](http://www.evotingindia.com) immediately after the results are declared. The Company shall simultaneously forward the results to BSE Limited ("BSE").
- v. Subject to the receipt of requisite number of votes, the Resolutions shall be deemed to be passed on the date of the AGM i.e. 30th September, 2021.

Regd. Office:  
# 406, First Floor,  
Sector 15-A,  
Chandigarh – 160 015  
Email: [info@samratforgings.com](mailto:info@samratforgings.com)  
CIN: U28910CH1981PLC004522  
Date: 14.08.2021

By order of the Board of Directors  
For Samrat Forgings Limited

(Sandeep Kumar)  
Company Secretary  
FCS-9075

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

The following Explanatory Statement sets out all the material facts relating to the Special business mentioned under Item No. 3 and 4 of the accompanying Notice dated August 14, 2021:

**ITEM NO. 3**

The Board of Directors of the Company, on the recommendation of the Audit Committee, approved the appointment of M/s Balwinder & Associates, Cost Accountants (Firm Registration No. 000201) as the Cost Auditor of the Company to conduct audit of the cost records of the Company for the financial year 2021-2022 on a remuneration of Rs. 40,000/- (Rupees Forty Thousand Only) plus GST and reimbursement of out of-pocket expenses.

In accordance with the provisions of Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors as recommended by the Audit Committee and approved by the Board of Directors, has to be ratified by the members of the Company.

Accordingly, consent of the members is sought for passing an Ordinary Resolution as set out at Item No. 3 of the Notice for approval / ratification of the remuneration payable to the Cost Auditors for the financial year ending March 31, 2022.

None of the Directors / Key Managerial Personnel of the Company or their relatives is, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 3 of the Notice.

The Board recommends the Ordinary Resolution set out at Item No. 3 of the Notice for approval of the members.

**ITEM NO. 4**

Presently, the registered office of the Company is situated at #406, First Floor, Sector 15-A, Chandigarh - 160015 in the Union Territory of Chandigarh. The plants/factories of the Company are located in the state of Punjab and these are around 30 KM from the present registered office of the Company. The Administration office of the Company is at works/factory of the Company at VPO Ghollu Majra, Tehsil Derabassi, District Mohali, Punjab - 140506. The books of accounts and other records are also maintained at the said address of the Company since all departments of the Company have their respective offices at the Administration Office of the Company. The Administration office & works of the Company are in the vicinity of Chandigarh and the Board of Directors of the Company thought that in the interest of the Company it would be just, necessary, expedient and desirable to have the registered office of the Company at its workplace in the State of Punjab. In this regard, the approval of the Members was taken by getting the requisite resolution passed in the last AGM of the Company held on 30<sup>th</sup> September, 2020.

However, the listing application of the Company was in process that time with BSE Limited ("BSE") and the said stock exchange has asked the Company to submit an undertaking regarding not to shift the registered office until the company gets listed. The Company has according given such undertaking to BSE that the registered office of the Company will not be shifted until the listing on BSE Limited. The Company got listed on BSE w.e.f. 13th November, 2021. Subsequently, considering the newest listing on BSE, considerable lapse of time from the date of passing of resolution by the members and certain other issues, it was decided by the

## Samrat Forgings Limited

Board to postpone the shifting of registered office of the Company for some time.

Now, considering the abovementioned advantages of having the registered office of the Company at its workplace, the Board is proposing to shift the registered office of the Company from the Union Territory of Chandigarh to the State of Punjab by amending clause II of the Memorandum of Association of the Company.

Pursuant to applicable provisions of the Companies Act, 2013, approval of the members of the Company, by way of Special Resolution is again solicited to give effect to the proposed shifting of the Registered Office of the Company. The proposal will be effective only on the confirmation by the Regional Director (Northern Region), Ministry of Corporate Affairs, Government of India. The Company will approach the Regional Director to get requisite approval after passing of the aforesaid special resolution by the members.

None of the Directors is deemed to be interested or concerned in the aforesaid resolution and the Board of Directors recommend the resolution proposed in Item no. 4 to be passed by the members as a Special Resolution.

Regd. Office:  
# 406, First Floor,  
Sector 15-A,  
Chandigarh – 160 015  
Email: info@samratforgings.com  
CIN: U28910CH1981PLC004522  
Date: 14.08.2021

By order of the Board of Directors  
**For Samrat Forgings Limited**

**(Sandeep Kumar)**  
**Company Secretary**  
**FCS-9075**



**ADDITIONAL INFORMATION OF DIRECTORS BEING RE-APPOINTED AS REQUIRED UNDER REGULATION 36(3) OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015 AND SECRETARIAL STANDARD ON GENERAL MEETINGS ISSUED BY THE INSTITUTE OF COMPANY SECRETARIES OF INDIA, MENTIONED IN THE NOTICE**

<b>Name of the Director</b>	<b>Ritu Joshi</b>
DIN	01598873
Date of Birth	20.12.1964
Age	56 Years
Nationality	Indian
Date of appointment	25.05.2011
Qualification	M.A.
Expertise in specific functional area	She is experienced in business management, business strategy, corporate affairs & planning
Directorship held in other public limited companies (excluding Foreign Companies, Private Companies Section 8 Companies)	Not applicable
Memberships of Committees /Chairmanship in other public limited companies	Not applicable
Number of Board Meetings attended during FY 2020-21	4
No. of equity shares held by Director: By self: As beneficial owner:	20 Nil
Relationship with other Director, Manager and other Key Managerial Personnel of the Company <i>inter-se</i>	Sister of Sh. Rakesh M Kumar, Managing Director
Terms and conditions of appointment or re-appointment Non-Executive Non-Independent	Non Executive Non Independent Director liable to retire by rotation
Remuneration last drawn (including Sitting fees, if any)	Sitting fee of Rs. 37,500/- for attending Board/Committee meetings during FY 2020-21.

## **DIRECTORS' REPORT**

Dear Members,

Your Directors have pleasure in presenting the 40<sup>th</sup> Annual Report together with the Audited Financial Statements of the Company for the financial year ended 31<sup>st</sup> March, 2021.

## **FINANCIAL RESULTS**

The financial summary of the Company for the year under review is given below for your consideration:

Particulars	(Rs. in Lakhs)	
	Year ended 31.03.2021	Year ended 31.03.2020
Net Operating Revenue	11771.39	8210.94
Other Income	21.21	30.57
Profit before Finance Cost, Depreciation, Exceptional items and tax	1158.46	876.54
Finance Cost	561.04	547.59
Depreciation	296.47	298.43
Exceptional items	-	-
Profit before tax	300.95	30.52
Provision for tax	84.60	-
Deferred Tax	(8.69)	25.33
Income Tax of previous year	0.05	1.27
Net profit after tax	224.99	3.92
Other Comprehensive Income (net of tax)	13.94	34.81
Total Comprehensive Income	238.93	38.73
Transfer to General Reserve	0.00	0.00

## **OPERATIONAL REVIEW**

In the backdrop of COVID-19 scenario, financial year 2020-21 was a challenging year, particularly due to imposition of nationwide lockdown during first quarter. As a result, country's overall economy witnessed the sharpest decline in the first quarter of FY 2020-21. Impacted by the same, the Company's operations also remained suspended from 23rd March, 2020 to 30th April, 2020 and, after restart of operation from 1st May, 2020, the activity level gradually picked up the pace from second quarter onwards. As agriculture sector remained unaffected during this slow down, the tractor industry to which the company serves majorly, witnessed a strong growth during the financial year ended 31st March, 2021.

The Company has achieved its highest ever turnover during the financial year ended 31<sup>st</sup> March, 2021. The net operating revenue for FY 2020-21 stood at Rs. 117.71 crores as against Rs. 82.11 crores of previous year. With continued focus on cost front, the Company has earned profit before tax of Rs. 3.01 crores against the previous year's profit before tax of Rs. 30.52 lakh, profit after tax (before other comprehensive income) of Rs. 2.25 crore (previous year - Rs. 3.92 lakh) translated into Earning Per Share of Rs. 4.50 (previous year - Rs. 0.08). Total comprehensive income (net of tax) for the year stood at Rs. 2.39 crores as against Rs. 38.73 lakh of previous year.

No material changes and commitments which could affect your Company's financial position for FY 2020-21 have occurred between the end of the financial year of your Company and date of this report.

## **FUTURE PROSPECTS/ EXPANSION**

With the Government's continued focus on rural sector, good rabi crop harvesting, adequate financing availability and prediction of normal monsoon, it is expected that the tractor demand is likely to continue its growth trajectory in FY 2021-22, which will be quite helpful to the Company to increase its sales volume and maintain its growth in the present fiscal. However, the recent surge in COVID-19 pandemic could pose some challenges. Although the future seems unpredictable but due to company's varied product mix and segments, the company hopes to sail through safely in these tough situation for the Industry. Its pertinent to add, that the health and safety of all our employees, Staff, customers and associates are of utmost importance to the company and will always remain priority.

The Company has definite plan of capacity expansion in present financial year 2021-22. The company has already in process of commissioning capacity expansion of its crankshaft machining line by another 50% of its installed capacity. Also, company has been offered to machine engine camshafts, which presently is being supplied in raw forging's state thus increasing sales and value addition. In addition, more CNC machines are being planned to strengthen machining capacities. Also, the company has developed many new parts both for domestic as well as export markets and is very confident of growth during this year.

## **TRANSFER TO RESERVES**

The Company has not transferred any amount to General Reserves.

## **CAPITAL STRUCTURE**

During the financial year ended 31<sup>st</sup> March, 2021, the Company has cancelled 26,200 forfeited equity shares as approved by the members in the Annual General Meeting of the Company held on 30th September, 2020 and balance of the same has been transferred to the Capital Reserve. Apart from this there has been no other change in the Capital Structure of the Company during the FY 2020-21.

## **DIVIDEND**

The Directors regret their inability to recommend any dividend for the year under review and rather prefer to conserve the resources and plough back the accrued profits into the Company.

## **ANNUAL RETURN**

In terms of Section 92(3) of the Companies Act, 2013 and Rule 12 of the Companies (Management and Administration) Rules, 2014, the Annual Return of the Company is available on the website of the Company at the web link: <https://samratforgings.com/wp-content/uploads/2021/08/Annual-Return-2020-21.pdf>

## **DEPOSITS**

Your Company has not accepted any deposits within the meaning of Section 73 of the Companies Act, 2013 and Companies (Acceptance of Deposits) Rules, 2014, during the year under review.

## **DIRECTORS**

### **I. (a) Appointment/Re-appointment of Directors**

In the last Annual General Meeting, held on 30<sup>th</sup> September, 2020, the Members had:

- a. approved the appointment of Ms Niveta Sharma as Independent Director of the Company not liable to retire by rotation, to hold office for a period of five years from the original date of appointment i.e. November 15, 2019 upto November 14, 2024 and
- b. re-appointed Mr. Rakesh M Kumar as Managing Director of the Company for a period of three years with effect from December 1, 2020.

### **(b) Director liable to retire by rotation**

In terms of section 152 of the Companies Act, 2013, Mrs. Ritu Joshi (DIN: 01598873), Director is liable to retire by rotation at the forthcoming Annual General Meeting and being eligible, offers herself for re-appointment.

The details of the directors being recommended for appointment/re-appointment are contained in the Notice convening the ensuing Annual General Meeting of the Company.

## **II. Declaration by Independent Directors**

All the Independent Directors have given declaration to the Company that they meet the criteria of 'independence' set out in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Companies Act, 2013. The Board is of the opinion that the Independent Directors of the Company hold high standards of integrity and possess requisite expertise and experience required to fulfill their duties as Independent Directors.

## **III. Meetings of the Board**

During the year eight Board Meetings and one meeting of Independent Directors were convened and held. The intervening gap between the meetings was within the period prescribed under the Companies Act, 2013.

## **IV. Board Evaluation**

Pursuant to the applicable provisions of the Companies Act, 2013 and the Listing Regulations, the Board, in consultation with its Nomination & Remuneration Committee, has put in place a framework containing, inter-alia, the criteria for performance evaluation of the entire Board of the Company, its Committees and Individual Directors, including Independent Directors. Accordingly, following is the criteria for evaluation:-

### **a. Criteria for evaluation of the Board of Directors as a whole:**

- i. Frequency of Meetings
- ii. Quantum of Agenda
- iii. Administration of Meetings
- iv. Flow and quantity of Information from the Management to the Board
- v. Number of Committees and their role
- vi. Overall performance of the Company

### **b. Criteria for evaluation of the Board Committees**

- i. Frequency of Meetings
- ii. Quantum of Agenda
- iii. Administration of Meetings
- iv. Flow and quantity of Information from the Management to the Committee
- v. Role of Committees
- vi. Contribution to the decision making process of the Board

### **c. Criteria for evaluation of the Individual Directors including Independent Directors;**

- i. Experience and ability to contribute to the decision making process
- ii. Problem solving approach and guidance to the Management
- iii. Attendance and Participation in the Meetings
- iv. Personal competencies and contribution to strategy formulation
- v. Contribution towards statutory compliances, monitoring of controls and Corporate Governance
- vi. The evaluation of independent directors shall be done by the entire board of directors which shall include –

a. Performance of the directors; and

b. fulfillment of the independence criteria as specified in these regulations and their independence from the management:

According to the above criteria, the Board has carried out the annual performance evaluation of its own performance, the directors individually as well as the evaluation of the working of its Audit Committee, Nomination & Remuneration Committee and Stakeholders Relationship Committee. A structured questionnaire was prepared based on the above said parameters and after taking into consideration inputs received from the Directors, covering various aspects of the Boards functioning such as adequacy of the composition of the Board and its committees, Board culture, execution and performance of specific duties, obligations and governance etc.

A separate exercise was carried out to evaluate the performance of individual directors including the Chairperson of the Board, who were evaluated on parameters such as level of engagement and contribution, independence of judgment, safeguarding the interest of the Company and its stakeholders etc. The performance evaluation of the Independent Directors was carried out by the entire Board. The performance evaluation of the Chairperson and the Non Independent Directors was carried out by the Independent Directors who also reviewed the performance of the Company Secretary.

The Independent Directors had met separately on 27.03.2021 without the presence of Non-Independent Directors and the members of management and discussed, inter-alia, the performance of non-Independent Directors and Board as a whole and the performance of the Chairperson of the Company after taking into consideration the views of Executive and Non-Executive Directors.

The Directors express their satisfaction over the evaluation process.

### **V. Nomination and Remuneration Policy**

Based on recommendations of the Nomination and Remuneration Committee, the Board has adopted a Nomination and Remuneration Policy, which is enclosed as Annexure 1 to this report.

### **VI. Familiarization Programme for Independent Directors**

The familiarization programme for Independent Directors is available on the website of the Company at the web link: <http://samratforgings.com/wp-content/uploads/2017/03/Familiarization-programme-for-independent-directors.pdf>

## **DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to Section 134(3)(c) and 134(5) of the Companies Act, 2013, the directors to the best of their knowledge and belief, confirm that:

- (i) in the preparation of the annual accounts for the year ended 31<sup>st</sup> March, 2021, the applicable accounting standards have been followed and there are no material departures from the same;
- (ii) they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company as at 31<sup>st</sup> March, 2021 and of the profit of the Company for the year ended on that date;
- (iii) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) the annual accounts have been prepared on a going concern basis;
- (v) adequate internal financial controls to be followed by the Company have been laid down and such internal financial controls were operating effectively during the Financial Year ended 31<sup>st</sup> March, 2021;
- (vi) proper systems have been devised to ensure compliance with the provisions of all applicable laws and such systems were adequate and operating effectively throughout the Financial Year ended 31<sup>st</sup> March, 2021.

## **AUDIT COMMITTEE**

The Audit Committee comprises of three Directors viz. Mr. Ajay Arora (Chairman of the Committee), Mr. Rakesh M Kumar and Ms Niveta Sharma. During the Financial Year 2020-21, there was no change in the composition of the Audit Committee. Mr. Rakesh M Kumar is the Managing Director of the Company and other two Members of the committee are Independent Directors. All the Members of the Committee possess strong accounting and financial management knowledge. The Company Secretary of the Company is the Secretary of the Committee.

All the recommendations of the Audit Committee made during the Financial Year 2020-21 were accepted by the Board.

## **SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES**

The Company has no Subsidiary, Joint Venture or Associate Company.

## **PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS**

Your Company has not given any loans or guarantees and it has also not made any investments covered under the provisions of Section 186 of the Companies Act, 2013.

## **CHANGE IN NATURE OF BUSINESS**

There has been no change in the nature of business of the company during the year under review.

## **AUDITORS & AUDITORS' REPORT**

M/s Jain & Associates, Chartered Accountants (Regn. no. 001361N) were appointed as Statutory Auditors of the company in 36th Annual General Meeting (AGM) of the company held on 29<sup>th</sup> September, 2017 for a term of five years i.e. till the conclusion of 41<sup>st</sup> AGM of the Company to be held in the year 2022.

Pursuant to the Notification issued by the Ministry of Corporate Affairs on 7<sup>th</sup> May, 2018, amending Section 139 of the Companies Act, 2013, the mandatory requirement for ratification of appointment of Auditors by the Members at every AGM has been omitted and hence your Company has not proposed ratification of appointment of M/s Jain & Associates, Chartered Accountants, at the forthcoming AGM.

The Audit Report given by the Auditors of the financial statements of the Company for the financial year 2020-21 forms part of the Annual Report. There has been no qualification, reservation or adverse remark or disclaimer given by the Auditors in their report.

## **SECRETARIAL AUDIT**

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the company had appointed Mr. Kanwaljit Singh, Company Secretary in practice (CP No. 5870) to undertake the Secretarial Audit of the Company. The Secretarial Audit Report received from the said auditor is annexed to this report as Annexure- 2. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

## **COST RECORDS AND COST AUDIT**

The Company is maintaining cost records according to the provisions of Section 148(1) of the Companies Act, 2013. Cost Audit was not applicable to the Company for the Financial Year 2020-21.

The Board of Directors on the recommendation of the Audit Committee, appointed M/s Balwinder & Associates, Cost Accountants (Firm Registration Number 000201), as the Cost Auditors of the Company for the Financial Year 2021-22 under Section 148 of the Companies Act, 2013. M/s Balwinder & Associates have confirmed that their appointment is within the limits of Section 141(3)(g) of the Companies Act, 2013 and have also certified that they are free from any disqualifications specified under sub section (3) of Section 141 of The Companies Act 2013 read with sub section (5) of Section 148 of The Companies Act 2013.

The Audit Committee has also received a Certificate from the Cost Auditors certifying their independence and arms length relationship with the Company.

As per the provisions of the Companies Act, 2013, the remuneration payable to the Cost Auditor is required to be placed before the Members in a General Meeting for their ratification. Accordingly, a Resolution seeking Members' ratification for the remuneration payable to M/s Balwinder & Associates, Cost Auditors is included in the Notice convening the Annual General Meeting.

## **RELATED PARTY TRANSACTIONS**

All related party transactions that were entered into during the financial year 2020-21 were in the ordinary course of business on arm's length basis. There were no material transactions made by the company during the year that would have required members' approval.



A statement giving details of all related party transactions is placed before the Audit Committee on quarterly basis. Prior omnibus approval of the Audit Committee is obtained for the transactions which are repetitive in nature.

The Company has adopted a policy to deal with Related Party Transactions as approved by the Board of Directors and the same is available on its website at <http://samratforgings.com/investors/policy-on-related-party-transactions/>

In accordance with section 134(h) of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules 2014, Form AOC-2 is enclosed as Annexure 3 to this Report. The detail of the related party transactions as per Ind-AS, are set out in Note 38 to the Financial Statements.

### **LISTING ON BSE LIMITED**

During the Financial Year 2020-21, the BSE Limited has given its approval for listing of equity shares of the Company and accordingly the Company got listed on BSE w.e.f. 13th November, 2020. The Company has paid the listing fee for the Financial Year 2021-22 to the Stock Exchange.

### **CODE OF CONDUCT**

The company has framed and adopted a Code of Conduct (the Code) which is applicable to the Members of the Board and members of the senior management of the company. The code has been posted on the website of the Company i.e. [www.samratforgings.com](http://www.samratforgings.com).

The Code lays down the standard procedure of business conduct which is expected to be followed by the Directors and members of the senior management in their business dealings and in particular on matters relating to integrity in the work place, in business practices and in compliance of applicable laws.

All the Board Members and the Senior Management personnel have confirmed compliance with the Code during the financial year ended 31<sup>st</sup> March, 2021.

### **VIGIL MECHANISM / WHISTLE BLOWER POLICY**

Your Company promotes ethical behavior in all its business activities and has put in place a mechanism of reporting illegal, unethical behavior and actual or suspected fraud or violations of Company's Code of Conduct. The Company has a Whistle Blower Policy wherein the employees are free to report violations of laws, rules, regulations or unethical conduct to the Vigilance and Ethics Officer of the Company or the Chairman of Audit Committee of the Company. The confidentiality of the reported violations, if any, is maintained and the employees reporting violations are not subjected to any discriminatory practice. Vigil Mechanism/Whistle Blower Policy is posted on the website of your Company at [www.samratforgings.com/investors/policies](http://www.samratforgings.com/investors/policies).

### **FRAUD REPORTING**

During the year under review, there were no frauds reported by the auditors to the Audit Committee or the Board under section 143(12) of the Companies Act, 2013.

## **INTERNAL FINANCIAL CONTROL SYSTEMS**

Based on the work performed by the internal, statutory and secretarial auditors and reviews carried out by the management and the relevant Board Committees, the Directors are of the opinion that the Company has in place, adequate internal financial controls, with reference to financial statements, commensurate with the size and nature of the business of the Company. During the year, no reportable material weaknesses in the design or operation were observed.

## **POLICY ON PREVENTION, PROHIBITION AND REDRESSAL OF SEXUAL HARASSMENT AT WORKPLACE**

The Company has adopted and put in place anti sexual harassment policy in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the rules there under. The Policy aims to provide protection to women at the workplace and prevent and redress complaints of sexual harassment and for matters connected or incidental thereto, with the objective of providing a safe working environment. The Company has constituted an Internal Complaints Committee to enquire into and redress complaints received, if any, regarding sexual harassment. The Committee has not received any complaint of sexual harassment during the financial year 2020-21.

## **INVESTORS' RELATIONS**

Your Company always endeavors to give response to shareholders' requests / grievances at the minimum time possible. Priority is accorded to address all the issues raised by the shareholders and provide them a satisfactory reply immediately. The Company has received one grievance regarding transfer of shares from a shareholder during the financial year 2020-21 and the same got resolved by the Company. No grievance was pending at the end of the financial year.

## **INDUSTRIAL RELATIONS**

Your Company is continuously maintaining healthy, cordial and harmonious industrial relations at all levels. Industrial relations and work atmosphere remained cordial throughout the financial year.

## **MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY**

No material changes have occurred or commitments made after 31<sup>st</sup> March, 2021, which may affect the financial position of the Company or require disclosure.

## **CORPORATE SOCIAL RESPONSIBILITY**

The provisions of Corporate Social Responsibility are not applicable to the company. Hence, the company has not made any policy on corporate social responsibility.

## **SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS, COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND COMPANY'S OPERATIONS**

During the year under review there has been no such significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and company's

operations in future. Further, there is no proceeding pending under the Insolvency and Bankruptcy Code, 2016.

### **RISK MANAGEMENT**

Risk Management is a very important part of business in today's economic environment and an ongoing process within the Company. The main aim of risk management is to identify, monitor and take precautionary measures in respect of the events that may pose risks to the business. Your company is always endeavored to identify and take appropriate and timely action to mitigate all type of risks involved in business of the company and in this regard a policy on risk management has been adopted by the Company.

At present the company has not identified any element of risk which may threaten the existence of the company.

### **SAFETY, HEALTH AND ENVIRONMENT**

Considering the risk involved in the manufacturing process, optimum safety provisions have been made in all segments of the Company and the same are checked periodically. The Company encourages involvement of all its employees in activities related to safety, including promotion of safety standards. There were no major accidents in the plants during the year. Stringent quality control for all products and raw materials has been incorporated and the Company has well equipped laboratory to ensure quality control.

The Company has accredited with IATF 16949:2016 Certification from TUV SUD. Regular audits are conducted under this Certification.

### **MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

The Management Discussion and Analysis Report which covers the state of the Company's affairs form a part of this Report.

### **CORPORATE GOVERNANCE**

According to regulation 15(2) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), the provisions of Corporate Governance are not applicable to the Company as the paid up capital and net worth of the company are less than the stipulated limits. Also the regulations regarding Para C, D and E of Schedule V of the Listing Regulations are not applicable to the Company. Therefore, the report on corporate governance, Declaration by chief executive officer regarding affirmation of compliance with the code of conduct by the Directors & members of senior management and Certificate regarding compliance of conditions of corporate governance are not annexed with the directors' report/annual report for the year ended 31<sup>st</sup> March, 2021.

### **COMPLIANCE WITH SECRETARIAL STANDARDS**

During the year under review, the Company has complied with applicable Secretarial on meetings of the Board of Directors and General Meetings issued by the Institute of Company Secretaries of India.

## **KEY MANAGERIAL PERSONNEL (KMP)**

In terms of the applicable provisions of the Companies Act, 2013, Mr. Rakesh M Kumar, Managing Director, Mr. Sandeep Kumar, Company Secretary and Mr. A.P.S. Grover, Chief Financial Officer of the Company are the Key Managerial Personnel of the Company as on 31<sup>st</sup> March, 2021.

The Company got listed on BSE w.e.f. 13.11.2020. Consequently, the provision of section 203 regarding appointment of Key Managerial Personnel became applicable on the Company. The Board has re-designated Mr. A.P.S. Grover from General Manager (Finance) and appointed him as Chief Financial Officer of the Company w.e.f. 10<sup>th</sup> February, 2021 to comply with the required provisions regarding appointment of Key Managerial Personnel.

## **PARTICULARS OF EMPLOYEES**

The details pertaining to remuneration and other details as required under section 197(12) of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 for the financial year 2020-21 are annexed as Annexure- 4 to this report.

## **SUSTAINABILITY INITIATIVE AND BUSINESS RESPONSIBILITY REPORT**

Your Company is conscious of its responsibility towards preservation of natural resources and continuously takes various initiatives to reduce the consumption of electricity and water. The provisions of Regulation 34(2)(f) of the Listing Regulations regarding Business Responsibility Report are not applicable to the company.

## **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS & OUTGO**

The particulars relating to conservation of energy, technology absorption, foreign exchange earnings and outgo, as required to be disclosed under the Companies Act, 2013 are provided in Annexure- 5 to this Report.

## **ACKNOWLEDGEMENT**

Your Directors wish to place on record their appreciation for the whole hearted and sincere co-operation the Company has received from its bankers, financial institutions and various Government agencies. Your Directors also wish to place their deep sense of appreciation to the shareholders for their continued support and confidence reposed by them in the management of the Company and look forward to their valuable support for the future plans of the Company. Your Directors also wish to acknowledge the contribution made by the workers and employees at all levels that has contributed to the growth and success of the Company.

For and on behalf of the Board

Place: Chandigarh  
Dated: 14.08.2021

**Rakesh M. Kumar**  
**Managing Director**  
(DIN: 00066497)

**Bindu Chowdhary**  
**Director**  
(DIN: 01154263)

## MANAGEMENT DISCUSSION AND ANALYSIS

Your directors have pleasure in presenting the management discussion and analysis report for the year ended on March 31, 2021.

### INDUSTRY STRUCTURE AND DEVELOPMENT

The Indian Economy fell sharply in the Financial Year 2020-21, including an almost complete washout of first quarter of the FY 2020-21 due to the nationwide lockdown enforced by the government to curtail the spread of corona virus. The social and economic shock of sudden pause in economic activity and social distancing has significantly curtailed the economic growth.

Indian Forging Industry has also felt the heat of slowdown even after the restart of operations after lockdown of almost two months at the beginning of the FY due to various reasons like delay in procurement of raw materials due to the transportation restrictions, labour shortages, closure of various customers in different states etc.

This resulted in lack of consumer spending and caused a steep downfall in almost all sectors of the industry for a major part of the FY 2020-21. However, things did look up, as demand underwent a transformation after COVID-19 specially in the agriculture sector. The predicted better monsoons did favor for the agriculture sector too, boosting the tractor sales in line with the expectations. The demand for commercial vehicles continued to be under pressure, with rising fuel prices and subdued manufacturing activity in the first half of FY 2021-22.

However, with the rollout of a large-scale vaccination program and revival in majority of the economic indicators, the optimism around recovery of Indian Industry has been reiterated.

### OPPORTUNITIES AND THREATS

Despite the complete stoppage of operations during the month of April, 2021, the company has been able to surpass its earlier record and achieved its highest ever turnover during the FY 2020-21. The Company is trying to increase its volume of supplies to its existing customers and explore new business opportunities with special focus on export. Covid-19 impact is the biggest threat in the present financial year. If the company could sustain this impact, it can achieve its targets.

Necessary initiatives and steps towards value engineering, cost reductions, products up gradation continue to be the main focus for the company this year too.

### SEGMENT WISE OR PRODUCT WISE PERFORMANCE

The Company operates in single segment i.e. manufacturing of closed die steel forgings and machined components and all its operational performance reported in the financial statements and other reports forming part of the Annual Report are from this single segment only. The Company manufactures and supply wide range of components to its customers in automotive and non-automotive industries; thus, the evaluation of product wide performance is much complicated and not feasible to be reported and the performance of the company can be recognized as a whole as there is no separate segment for reporting.

### OUTLOOK

The market scenario remains uncertain due to the impact of Covid-19. The impact of the downtrend has been impacting adversely to the entire industry all across India. But considering the improvement in demand in the tractor industry where your company has major presence and new businesses coming from overseas customers, it is expected that the company would be able to maintain its business in this segment. The other sectors have been very bearish especially in the commercial vehicle; however, the Company striving to execute the orders from all its customers in various sectors.

The company has developed many new parts both for domestic as well as export markets and is very confident of growth as & when the market conditions improve in the coming months. The Company has definite plan of capacity expansion in present financial year 2021-22. The

company has already in process of commissioning capacity expansion of its crankshaft machining line by another 50% of its installed capacity. Also, company has been offered to machine engine camshafts, which presently is being supplied in raw forging's state thus increasing sales and value addition. In addition, more CNC machines are being planned to strengthen machining capacities.

### **RISKS AND CONCERNS**

The future remains unpredictable due to the continuous adverse effect of Covid-19 pandemic. Hence any relapse or third wave of Covid-19 can have adverse results in future which remain major concern for the company. Moreover, commodity risks, characterized by fluctuations in demand and supply, and price movements pose significant risk in manufacturing industries. In the Forging industry, Alloy steel, being the primary raw material for manufacturing is susceptible to risks arising from fluctuations in global steel price movement. The impact of such risks creates challenges in maintaining competitive advantage in price and strained working capital requirements of the company.

### **INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY**

All departments of the Company are adequately staffed with professionally qualified and experienced personnel. There are established internal control systems and procedures in place commensurate to the size and nature of business of the Company, which ensure efficient use and protection of business resources and compliance with the policies, procedures and statutes. The financial information is compiled periodically and reviewed by the management time to time. The reporting and monitoring system is elaborate and the same is reviewed by the management on regular basis. The internal control is supplemented by programs of internal audits, review by the management and documented policies, guidelines and procedures. The focus of these reviews is to identify the weaknesses and the areas of improvement, compliance with defined policies and processes, safeguarding the tangible and intangible assets and compliance with applicable statutes.

### **DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE**

In the backdrop of COVID-19 scenario, financial year 2020-21 was a challenging year, particularly due to imposition of nationwide lockdown during first quarter. As a result, country's overall economy witnessed the sharpest decline in the first quarter of FY 2020-21. Impacted by the same, the Company's operations also remained suspended from 23rd March, 2020 to 30th April, 2020 and, after restart of operation from 1st May, 2020, the activity level gradually picked up the pace from second quarter onwards. As agriculture sector remained unaffected during this slow down, the tractor industry to which the company serves majorly, witnessed a strong growth during the financial year ended 31st March, 2021.

The Company has achieved its highest ever turnover during the financial year ended 31<sup>st</sup> March, 2021. The net operating revenue for FY 2020-21 stood at Rs. 117.71 crores as against Rs. 82.11 crores of previous year. With continued focus on cost front, the Company has earned profit before tax of Rs. 3.01 crores against the previous year's profit before tax of Rs. 30.52 lakh, profit after tax (before other comprehensive income) of Rs. 2.25 crore (previous year - Rs. 3.92 lakh) translated into Earning Per Share of Rs. 4.50 (previous year - Rs. 0.08). Total comprehensive income (net of tax) for the year stood at Rs. 2.39 crores as against Rs. 38.73 lakh of previous year.

### **MATERIAL DEVELOPMENTS IN HUMAN RESOURCES/INDUSTRIAL RELATIONS FRONT, INCLUDING NUMBER OF PEOPLE EMPLOYED**

The Company believes that its human assets are the most valuable assets, which convert planning into execution and generate results. Hence, the Company always endeavor and attentive on having qualified and talented employees in all divisions. The management always keeps its focus to evaluate the performance of all employees and necessary steps are taken

## Samrat Forgings Limited

to strengthen the areas that need improvements. More experienced technical manpower is being taken at the senior level to streamline the whole business process and adequate facilities and opportunities are also being provided to the technical and professional staff to update themselves with the latest technologies and different other activities. The company continued to maintain good relationship with workers and staff during the last year.

As on March 31, 2021 the company had 654 permanent employees.

### KEY FINANCIAL RATIOS

Particulars	FY 2020-21	FY 2019-20	Change as compared to previous FY
Debtors Turnover Ratio	7.31	7.20	1.55%
Inventory Turnover Ratio	2.47	1.81	36.38%
Interest Coverage Ratio	1.56	1.06	47.41%
Current Ratio	1.16	1.05	10.70%
Debt Equity Ratio	1.94	2.04	-4.86%
Operating Profit Margin%	10.34	10.73	-3.65%
Net Profit Margin%	1.91	0.05	3916.27%
Return on Net Worth%	11.34	0.22	4954.82%

#### Detail and reason of significant changes i.e. change of 25% or more:

The Inventory turnover ratio increased as the turnover of the company increased by 43% as compared to previous year, whereas there is lesser increase in inventory level.

Interest coverage ratio increased due to much higher level of sales and profitability as compared to previous year.

Net profit margin increased as profitability has increased in the current year.

Return on net worth increased due to increase in profit over net worth in comparison to last year.

### CAUTIONARY STATEMENT

This report may contain statements particularly which relate to Management Discussion and Analysis describing Company's objectives, projections, estimates and expectations etc, which the Company believes are or may be considered to be "forward looking statements" within the meaning of applicable laws and regulations. The actual results might differ materially from those expressed or implied. The Company assumes no responsibility in respect of forward looking statements which may be amended or modified in the future on the basis of subsequent developments, information or events.

For and on behalf of the Board

Regd. Office:

#406, First Floor, Sector 15-A,

Chandigarh – 160 015

Email: info@samratforgings.com

CIN: U28910CH1981PLC004522

Date: 14.08.2021

Place: Chandigarh

**Rakesh M Kumar**  
Managing Director  
(DIN: 00066497)

**Bindu Chowdhary**  
Director  
(DIN: 01154263)



## ANNEXURES TO DIRECTORS REPORT

Annexure: 1

### NOMINATION AND REMUNERATION POLICY

#### Preface

At all levels and at all times monetary compensation has been, if not the sole but the most important motivational aspect for getting the job fulfilled under any given business scenario.

It is the endeavor of Samrat Forgings Limited (hereinafter referred as “the Company”) that its Nomination & Remuneration Policy should represent the mode in which the Company carries out its business practices i.e. fair, transparent, inclusive and flexible.

The Company strives that its Remuneration Policy should attract, motivate, improve productivity and retain manpower, by creating a congenial work environment, encouraging initiatives, personal growth and team work, and inculcating a sense of belongingness and involvement, besides offering appropriate remuneration packages and superannuation benefits.

This Nomination & Remuneration Policy applies to Directors, Key Managerial Personnel (KMP), Senior Management and other employees of the Company.

#### Statutory Requirement

Section 178 of the Companies Act, 2013 requires every listed company and such class or classes of companies, as may be prescribed to establish a Nomination and Remuneration Committee (hereinafter referred as “the Committee”) and that such Committee shall formulate 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, senior management and other employees.

The Committee shall, while formulating the remuneration policy shall ensure that—

- the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the company successfully;
- relationship of remuneration to performance is clear and meets appropriate performance benchmarks;
- and remuneration to Directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.

This policy is divided into three parts –

PART A – Appointment of Director, KMP and Senior Management Personnel

PART B – Board Diversity

PART C – Remuneration to Director, KMP, Senior Management Personnel and other employees

#### Part A - Appointment of Director, KMP and Senior Management Personnel

- a. The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and recommend to the Board his / her appointment.
- b. A person should possess adequate qualification, expertise and experience for the position he / she is considered for appointment. The Committee has discretion to decide whether

qualification, expertise and experience possessed by a person is sufficient / satisfactory for the concerned position.

- c. Term and Tenure of Director, Independent Director, Managing Director, Whole Time Director and KMP shall be governed by the provisions of Companies Act, 2013 as may be in force and amended from time to time.
- d. Due to reasons for any disqualification mentioned in the Companies Act, 2013 (hereinafter referred to as “the Act”) or under any other applicable Act, rules and regulations thereunder, the Committee may recommend, to the Board with reasons recorded in writing, removal of a Director, KMP or other employee subject to the provisions and compliance of the said Act, rules and regulations.
- e. The Director, KMP shall retire as per the applicable provisions of the Act and the prevailing policy of the Company. The Board will have the discretion to retain the Director, KMP, Senior Management Personnel on the same position/ remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.
- f. The remuneration/ compensation / commission/ increment etc. to the Directors and KMP will be determined by the Committee and recommended to the Board for approval. The remuneration / compensation / Commission/increment etc. shall be subject to the prior/post approval of the shareholders of the Company and Central Government, wherever required under the Companies Act, 2013.
- g. Human Resource Department of the Company in consultation with Chairman/Managing Director of the Company is empowered to appoint the candidates in the Senior Management in terms of the criteria prescribed herein and report their appointment to the Committee. The Committee may also identify and recommend to the Board who may be appointed in senior management in accordance with the criteria laid down.
- h. Where any insurance is taken by the Company on behalf of its Whole time Director, Managing Director, Chief Executive Officer, Chief Financial Officer, the Company Secretary and any other employees for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel. Provided that if such person is proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration.

### **Part-B - Board Diversity**

The Board shall consist of such number of Directors, including at least one woman Director and not less than fifty percent of the Board of Directors comprising non- executive directors, as is necessary to effectively manage the Company of its size.

When the Chairman of the Board is a non-executive director, at least one-third of the Board should comprise independent directors and in case the company does not have a regular non-executive Chairman or in case the regular non-executive Chairman is a promoter of the company, at least half of the Board should comprise independent directors.

The Committee will lead the process for Board appointments. All Board appointments will be based on the skills, diverse experience, independence and knowledge which the Board as a whole requires to be effective. The Committee shall seek to address Board vacancies by actively considering candidates that bring a diversity of background and opinion from amongst those candidates with the appropriate background and industry or related expertise and experience.

Additionally, the Board may consider appointment of experts from various specialized fields such as finance, law, information technology, corporate strategy, marketing and business development, international business, operations management etc. so as to bring diversified skill sets on board or succeed any outgoing director with the same expertise.

### **Part-C - Remuneration to Director, KMP, Senior Management Personnel And Other Employees**

#### **A. Remuneration to Managing Director/Whole-time Director**

- Remuneration

The Company strives to provide fair compensation to Directors, KMP, Senior Management Personnel and other employees, taking into consideration following factors –

- Industry benchmark,
- Company's performance vis a vis industry,
- Scope of duties, roles and responsibilities,
- Skill, knowledge, performance/track record,
- Core performance requirements and expectations of individuals
- Legal and industrial Obligations

Managing Director/ Whole-time Director shall be eligible for remuneration as may be approved by the Shareholders of the Company on the recommendation of the Nomination and Remuneration Committee and the Board of Directors in terms of the provisions of Section 197 read with Schedule V and other applicable provisions of the Companies Act, 2013.

The break-up of the pay scale and quantum of allowances, perquisites including, employer's contribution to provident fund, pension scheme, medical expenses, car & driver facility etc. shall be decided and approved by the Board on the recommendation of the Nomination & Remuneration Committee. The remuneration may also be paid in the form of Profit linked Commission but with the overall limits as stated above.

- Minimum Remuneration

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

- Provisions for excess remuneration

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

#### **B. Remuneration to Non-Executive Directors and the Independent Directors**

- Sitting Fees

The Independent Directors and Non Executive Non Independent Directors of the Company shall be paid sitting fees as approved by the Board in terms of the provisions of the Act.

- **Stock Options**

Pursuant to the provisions of the Act, an Independent Director shall not be entitled to any stock option of the Company.

**C. Remuneration to KMP, Senior Management, other Employees**

Apart from the Directors, remuneration along with annual increment of all other KMP, Senior Management Personnel and other employees of the Company shall be determined by HR department in consultation with Managing Director/Whole-time Directors of the Company.

The remuneration and increment thereof should be in line with company's philosophy to provide fair compensation to employees based on their experience, roles and responsibilities, performance track record, legal obligation, industry benchmark, job complexity etc.

The various remuneration components such as basic salary, allowances, perquisites, etc may be combined to ensure an appropriate and balance remuneration package.

The Incentive pay shall be decided by HR department of the Company based on the HR policies in relation thereto and considering the balance between performance of the Company and performance of the Key Managerial Personnel, Senior Management Personnel and other employee.

The Committee may recommend to the Board a policy for granting Stock options to KMP, Senior Management Personnel and other employees in line with the provisions of the Act, SEBI regulation and the provision of any other applicable laws.

This Remuneration Policy shall apply to all existing and future employees of the Company.

**Amendment**

The Company reserves its right to amend or modify this Policy in whole or in part, at any time without assigning any reason whatsoever. However, no such amendment or modification will be binding on the Directors and employees unless the same is communicated in the manner described as above.

For and on behalf of the Board

Place: Chandigarh  
Dated: 14.08.2021

**Rakesh M. Kumar**  
**Managing Director**  
(DIN: 00066497)

**Bindu Chowdhary**  
**Director**  
(DIN: 01154263)

**Form No. MR-3**

**SECRETARIAL AUDIT REPORT**

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2021

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

To,  
The Members,  
Samrat Forgings Limited  
#406, First Floor,  
Sector 15-A,  
Chandigarh- 160015.

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by SAMRAT FORGINGS LIMITED (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the SAMRAT FORGINGS LIMITED'S books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 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:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by SAMRAT FORGINGS LIMITED ("the Company") for the financial year ended on March 31, 2021 under the provisions of below mentioned regulations:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') to the extent applicable after the listing of the equity shares of the company on BSE Limited w.e.f. 13.11.2020:
  - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 and The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) (Amendment) Regulations, 2013.
  - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015.
  - c) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations 2014: Not Applicable as the company has not provided any share based employee benefits during the financial year.

- d) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018: Not Applicable to the company during the financial year under review.
- e) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018: Not Applicable as there was no instance of Buy-Back during the financial year.
- f) The erstwhile Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 and Chapter V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015: Not applicable as the company has not issued any debt securities during the financial year under review.
- g) 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 financial year under review.
- h) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 including the amendments thereof: Not applicable as the company has not delisted any securities from any stock exchange during the financial year under review.
- (vi) The major provisions and requirements have also been complied with as prescribed under all applicable Labour laws viz. The Factories Act, 1948, The Payment of Wages Act, 1936, The Payment of Bonus Act, 1965, Industrial Dispute Act, 1947, Employee State Insurance Act, 1948, The Employee's Provident Fund and Miscellaneous Provisions Act, 1952, The Payment of Gratuity Act, 1972, The Industrial Employment (Standing Order) Act, 1946, The Employment Exchange (Compulsory Notification of Vacancies) Act, 1956.
- (vii) Environment Protection Act, 1986 and other environmental laws.
- (viii) Hazardous Waste (Management and Handling) Rules, 1989 and the Amendments Rules, 2003.
- (ix) The Air(Prevention and Control of Pollution) Act, 1981
- (x) The Water (Prevention and Control of Pollution) Act, 1974

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

- a) Secretarial Standards issued by The Institute of Company Secretaries of India.
- b) The SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 ('LODR Regulations'), being listed on BSE Limited;

During the period under review the Company has complied with the provisions of the act, rules, regulations, guidelines, standards, etc. mentioned above.

Based on our examination and the information received and records maintained, I further report that:

1. 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.
2. Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent well in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

3. All decisions are carried out through majority while the dissenting members' views, if any, are captured and recorded as part of the minutes.
4. The Company has proper board processes.

Based on the compliance mechanism established by the Company and on the basis of the compliance certificate(s) issued by the Company Secretary/ Officers, I am of an opinion that:

1. 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.
2. On examination of the relevant documents and records, on test check basis, the Company has complied with the following laws specifically applicable to the company:
  - a. The Indian Electricity Act, 2003 and Indian Electricity Rules, 2005.
  - b. Petroleum Act, 1934

**I further report that, the company was previously listed on Ludhiana Stock Exchange and subsequent to the de-recognition of Ludhiana Stock Exchange, the name of the Company was moved to the dissemination Board of National Stock Exchange of India Limited. The Company had submitted an application for migration and listing of its securities on BSE Limited. During the audit period, the equity shares of the company were listed on BSE Limited w.e.f. 13.11.2020.**

Apart from the business stated above, there were no instances of:

- (i) Public / Rights / Preferential issue of shares / debentures / sweat equity.
- (ii) Redemption / buy-back of securities.
- (iii) Major decisions taken by the Members in pursuance to Section 180 of the Companies Act, 2013.
- (iv) Merger / amalgamation / reconstruction etc.
- (v) Foreign technical collaborations.

Place: Chandigarh

Date: 14.08.2021

UDIN: F005901C000786835

KANWALJIT SINGH THANEWAL  
FCS No. 5901  
C P No.: 5870

Further, this report is to be read with our letter of even date which is annexed as "Annexure A" and forms an integral part of this report.



To,  
The Members,  
Samrat Forgings Limited  
#406, First Floor,  
Sector 15-A,  
Chandigarh- 160015.

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

1. Maintenance of secretarial records is the responsibility of the management of the company. My responsibility is to express an opinion on these secretarial records, based on my audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of secretarial records. The verification was done on test basis to ensure that the correct facts are reflected in secretarial records. I believe that the processes and practices, we followed, provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and books of accounts of the company.
4. Wherever required, I have obtained the management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of the management. My examination was limited to the extent of verification of procedures on test basis.
6. The secretarial audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

Place: Chandigarh  
Date: 14.08.2021

UDIN: F005901C000786835

KANWALJIT SINGH THANEWAL  
FCS No. 5901  
C P No.: 5870

**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 during the Financial Year 2020-21 by the company with related parties referred to in sub section (1) of section 188 of the Companies Act, 2013 including certain arms length transaction under third proviso thereto.

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

SL. No.	Particulars	Details
a)	Name (s) of the related party & nature of relationship	There were no contracts or arrangements or Transactions entered into during the year ended March 31, 2021, which were not at arm's length basis.
b)	Nature of contracts/arrangements/transaction	
c)	Duration of the contracts/arrangements/transaction	
d)	Salient terms of the contracts or arrangements or transaction including the value, if any	
e)	Justification for entering into such contracts or arrangements or transactions'	
f)	Date of approval by the Board	
g)	Amount paid as advances, if any	
h)	Date on which the special resolution was passed in General meeting as required under first proviso to section 188	

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

a)	Name (s) of the related party & nature of relationship	There were no material contracts or arrangements or transactions entered into during the year ended March 31, 2021.
b)	Nature of contracts /arrangements/ transactions	
c)	Duration of the contracts/ arrangements/ transaction	
d)	Salient terms of the contracts or arrangements or transaction including the value, if any	
e)	Date of approval by the Board	
f)	Amount paid as advances, if any	

For and on behalf of the Board

Place: Chandigarh  
Dated: 14.08.2021

**Rakesh M. Kumar**  
Managing Director  
(DIN: 00066497)

**Bindu Chowdhary**  
Director  
(DIN: 01154263)

**Annexure: 4**

**DETAILS PURSUANT TO THE PROVISIONS OF SECTION 197(12) OF THE COMPANIES ACT, 2013 READ WITH RULE 5 OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014**

(i)	The Ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year 2020-21	<b>Director's Name</b>	<b>Ratio to median remuneration</b>
		Mr. Rakesh M Kumar	103.12
		Mrs. Bindu Chowdhary	0.57
		Mrs. Ritu Joshi	0.34
		Mr. Ajay Arora	0.74
		Ms. Niveta Sharma	0.67
		Mr. Ashok Lakhanpal	0.07
(ii)	The percentage increase in remuneration of each Director, Company Secretary and Chief Financial Officer, during the financial year 2020-21	Mr. Rakesh M Kumar, MD	-0.45
		Mr. Sandeep Kumar, CS	-4.70
		*Mr. A.P.S. Grover, CFO	2.30
		*Re-designated from General Manager- Finance to CFO w.e.f. 10.02.2021 on the same terms & conditions including remuneration.	
(iii)	Percentage increase in the median remuneration of employees in the financial year	0.55%	
(iv)	Number of permanent employees on the rolls of company	654 as on 31.03.2021	
(v)	Average percentile increase already made in the salaries of employees other than managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in managerial remuneration	Average percentage increase made in the salaries of employees other than the managerial personnel in the financial year under review was 9.07%. Whereas the managerial remuneration was decreased by 0.45%.	
(vi)	Affirmation that the remuneration is as per the remuneration policy of the company	The Company hereby affirms that the remuneration paid is as per the remuneration policy of the Company	
(vii)	The statement containing particulars of employees as required under Section 197(12) of the Act read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.	The information showing names and other particulars of employees as per Rule 5(2) and 5(3) of the aforesaid Rules read with Section 197(12) of the Act is given in Annexure 4(A), which forms part of this report.	

**Note:**

The Median salary is arrived by taking into account the gross salary of the employees who were employed through the year. The employees who jointed or left in any part of the year have not been considered for computing the median.

**Annexure 4 (A)**

**Statement showing the detail of employees drawing remuneration exceeding one crore and two lakh rupees as per Rule 5 of Chapter XIII, the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014:**

Employee name, designation and age	Qualification and experience (in years)	Remuneration (in Rs.)	Nature of employment	Date of commencement of employment	Previous employment and designation	%age of shares held	Relation with any other director
Rakesh M Kumar – Managing Director 55 years	B.E., MBA 30 years	1,12,20,700	Permanent	01.06.1994	Nil	23.60	Brother of Mrs. Ritu Joshi

**Detail of top ten employees in terms of remuneration drawn during the year**

Sr. No.	Name of employee	Designation	Remuneration (in Rs.)	Qualification and experience (in years)	Nature of employment	Date of commencement of employment	Age of employee (in years)	Last employment before joining the company
1	Rakesh M Kumar	Managing Director	1,12,20,700	B.E., MBA 30 years	Permanent	01.06.1994	55	Nil
2	Prem Lal	Vice President	19,79,000	B.Sc. Engg. LLB 39 years	Permanent	28.04.2008	64	Punjab Tractors Ltd
3	APS Grover	*Chief Financial Officer	19,24,000	B.Com., FCA 39 years	Permanent	02.08.2006	64	Him Teknoforge Ltd
4	Sanjay Jain	DGM-Marketing	14,07,477	B.A. 32 years	Permanent	21.01.1989	54	Nil
5	Naveen Kumar	Asst. General Manager	10,65,387	Mech. Engg. 22 years	Permanent	02.07.2012	48	Harig Crankshafts Ltd
6	Faquir Chand	Manager-Maintenance	9,30,169	Diploma in Mechanical 32 years	Permanent	21.06.2010	56	Jai Parvati Forge Ltd
7	Daljit Sharma	Manager-Tool Room	8,13,357	Diploma in Mechanical 30 years	Permanent	30.08.1991	53	Nil
8	Parveen Kumar	Manager-Forge Shop	7,28,387	M.A. 26 years	Permanent	22.12.1995	49	Nil
9	Rajinder Singh	Manager-Production	7,26,454	Graduation, ITI, 15 years	Permanent	07.11.2007	40	Nil
10	Sanjay Singh	Asst. Manager-Maintenance	6,55,980	Diploma in Electronic & Communication 11 years	Permanent	01.12.2016	42	Electronica Hitech Machines Pvt Ltd

\*Re-designated from General Manager (Finance) to Chief Financial Officer w.e.f. 10.02.2021 on the same terms & conditions including remuneration. The detail comprises the total remuneration paid to him during the year.

Note:

1. The above information is as on 31.03.2021
2. During the Financial Year under review, there was no employee who, if employed throughout the financial year, was in receipt of remuneration in the aggregate, not less than one crore and two lakh rupees except Mr. Rakesh M Kumar, Managing Director, detail whereof is provided above.

## Samrat Forgings Limited

3. During the Financial Year under review, there was no employee who, if employed for a part of the financial year, was in receipt of remuneration for any part of the year, at a rate which, in the aggregate, was not less than eight lakhs and fifty thousand rupees per month.
4. During the Financial Year under review, there was no employee who, if employed throughout the financial year or part thereof, was in receipt of remuneration in the year which, in the aggregate, or as the case may be, at a rate which, in the aggregate, was in excess of that drawn by the Managing Director and holds by himself or along with his spouse and dependent children, not less than two percent of the equity shares of the company.
5. None of the above employees is related to any of the Directors except Mr. Rakesh M Kumar who is brother of Mrs. Ritu Joshi, Director.

For and on behalf of the Board

Place: Chandigarh  
Dated: 14.08.2021

**Rakesh M. Kumar**  
**Managing Director**  
(DIN: 00066497)

**Bindu Chowdhary**  
**Director**  
(DIN: 01154263)

Information as per rule 8(3) of the Companies (Accounts) Rules, 2014, read with the Companies (Disclosure of Particulars in the Report of Directors) Rules, 1988.

**A. CONSERVATION OF ENERGY**

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

The Company continues its efforts to improve methods for energy conservation and utilization by more usage of electricity purchased from Punjab State Power Corporation Limited and by close watch and regular inspection of the installed equipments and maintenance of the same.

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

Appropriate actions have been taken to improve efficiency of own generation by usage of diesel generators only for emergencies and as stand by. Also, an intensified vigil on wastage/leakage control has been kept by the company to mitigate the wastage of resources.

**(iii) Capital investment on energy conservation equipments;**

Adequate steps have been taken to keep the installed energy conservation equipments in prompt conditions. Exact expenditure incurred in this process is not ascertainable.

Disclosure of particulars with respect to conservation of energy:

Power & Fuel consumption			Year Ended 31.03.2021	Year Ended 31.03.2020
1	Electricity			
	a. Purchase	Unit in Lakhs	65.10	45.84
	Total Amount	Rs. in lakhs	470.04	345.36
	Average Cost per unit	Rs.	7.22	7.53
	b. Own Generation	Unit in Lakhs	1.50	1.51
	(Through diesel generation)			
	Unit per Ltr. of Diesel	Units	2.98	2.98
	Cost per Unit	Rs.	24.91	21.99
2	Furnace Oil / R.F.O./ L.D.O.			
	Quantity	KL	1749	1283
	Amount	Rs. in lakhs	524.72	402.93
	Average Rates per Ltr.	Rs.	30.00	31.40
3	Consumption per unit of prod.			
	1. Electricity Purchased	Units	659.84	721.91
	2. Electricity Generated	Units	15.17	23.83
	3. Furnace Oil/ R.F.O./L.D.O.	Ltrs.	177.25	202.04
	4. Production	MT	9867	6350

**B. TECHNOLOGY ABSORPTION**

Disclosure of particulars with respect to technology absorption:-

**Efforts:**

Efforts have been made towards development of products of superior quality and implementation of total Quality Assurance System for this purpose.

**Benefits:**

The benefit derived from above steps enables the Company to carry on its operations in an efficient and cost-effective manner which in turn helps the Company offer its products and services in a most competitive manner.

**Imported technology**

No technology has been imported during the last three years.

**Research & Development:**

Adequate efforts have been made towards quality up-gradation, development of wide range of products/components, productivity enhancement and quality control management. However, specific expenditure of recurring or capital nature is not involved.

**C. FOREIGN EXCHANGE EARNINGS AND OUTGO**

	2020-21 (Rs in lakhs)	2019-20 (Rs in lakhs)
Earnings - on account of exports	374.89	209.46
Outgo - on account of import & expenditure	2.71	2.18

For and on behalf of the Board

Place: Chandigarh  
Dated: 14.08.2021

**Rakesh M. Kumar**  
Managing Director  
(DIN: 00066497)

**Bindu Chowdhary**  
Director  
(DIN: 01154263)



## INDEPENDENT AUDITORS' REPORT

To the Members of SAMRAT FORGINGS LIMITED

Report on the Audit of the Standalone Financial Statements

### Opinion

We have audited the accompanying standalone financial statements of SAMRAT FORGINGS LIMITED ("the Company"), which comprises the Standalone Balance Sheet as at March 31, 2021, the Standalone Statement of Profit and Loss (including Other Comprehensive Income), the Standalone Statement of Cash Flows and the Standalone Statement of Changes in Equity for the year then ended March 31, 2021, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the standalone financial statements").

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 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, the profit and total comprehensive income, changes in equity and its cash flows 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 specified under Section 143(10) of the Act (SAs). 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 (ICAI) together with the independence requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules made there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

### Emphasis of Matter

We draw attention to note 6 of the Standalone Ind AS financial Statement which describes the management's evaluation of impact of uncertainties related to COVID-19 national lockdown for in the financial year 2020-21 and its consequential effects on the carrying value of its property, plant and equipment, intangible assets and deferred tax assets {including MAT credit} based on internal and external information.

Our opinion is not modified in respect of this matter.

### 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 of the current period. 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. 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 Ind AS 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 Ind AS 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 Ind AS financial statements:

S.No.	Key Audit Matter	Auditor's Response
1.	<p><b><i>Accuracy of recognition, measurement, presentation and disclosures of revenues and other related balances in view of adoption of Ind AS 115 "Revenue from Contracts with Customers" (new revenue accounting standard)</i></b></p> <p>The application of the new revenue accounting standard involves certain key judgments relating to identification of distinct performance obligations, determination of transaction price of the identified performance obligations, the appropriateness of the basis used to measure revenue recognized over a period. Additionally, new revenue accounting standard contains disclosures which involve collation of information in respect of disaggregated revenue and periods over which the remaining performance obligations will be satisfied subsequent to the balance sheet date.</p>	<p><b><i>Principal Audit Procedures</i></b></p> <p>We assessed the Group's process to identify the impact of adoption of the new revenue accounting standard. Our audit approach consisted testing of the design and operating effectiveness of the internal controls and substantive testing as follows:</p> <ul style="list-style-type: none"> <li>● Evaluated the design of internal controls relating to implementation of the new revenue accounting standard.</li> <li>● Selected a sample of continuing and new contracts, and tested the operating effectiveness of the internal control, relating to identification of the distinct performance obligations and determination of transaction price. We carried out a combination of procedures involving enquiry and observation, reperformance and inspection of evidence in respect of operation of these controls.</li> <li>● Tested the relevant information technology systems' access and change management controls relating to contracts and related information used in recording and disclosing revenue in accordance with the new revenue accounting standard.</li> <li>● Selected a sample of continuing and new contracts and performed the following procedures: <ul style="list-style-type: none"> <li>a) Read, analyzed and identified the distinct performance obligations in these contracts.</li> <li>b) Compared these performance obligations with that identified and recorded by the Group.</li> <li>c) Considered the terms of the contracts to determine the transaction price including any variable consideration to verify the transaction price used to compute rev-</li> </ul> </li> </ul>

		<p>enue and to test the basis of estimation of the variable consideration.</p> <p>d) Samples in respect of revenue recorded for time and material contracts were tested using a combination of approved time sheets including customer acceptances, subsequent invoicing and historical trend of collections and disputes.</p> <p>e) Tested the provision calculations related to management incentives, discounts and rebates by agreeing a sample of amounts recognized to underlying arrangements with customers and other supporting documents.</p> <p>Obtained Confirmations from customers on sample basis to support existence assertion of trade receivables and assessed the relevant disclosures made in the financial statements; to ensure revenue from contracts with customers are in accordance with the requirements of relevant accounting standards.</p>
<b>2.</b>	<p><b><i>Evaluation of uncertain tax positions</i></b></p> <p>The Company has material uncertain tax positions including matters under dispute which involves significant judgment to determine the possible outcome of these disputes.</p>	<p><b><i>Principal Audit Procedures</i></b></p> <p>Obtained details of completed tax assessments and demands for the year ended March 31, 2021 from management. We involved our internal experts to challenge the management's underlying assumptions in estimating the tax provision and the possible outcome of the disputes. Our internal experts also considered legal precedence and other rulings in evaluating management's position on these uncertain tax positions.</p>

### **Other Information**

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexure to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, 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 the other information is materially

inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

### **Responsibility of Management and Those Charged with Governance for the Standalone Ind AS 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 Ind AS financial statements that give a true and fair view of the state of affairs, profit/loss (including other comprehensive income), changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the 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 Ind AS 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.

The Board of Directors are 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 financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by 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 standalone 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.

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

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

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

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 of the current period 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 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 purpose 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, Statement of Profit and Loss including Other Comprehensive income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
  - (d) In our opinion, the aforesaid standalone financial statements comply with the Indian Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

- (e) On the basis of written representations received from the directors as on March 31, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021, from being appointed as a director in terms of section 164 (2) of the Act.
  - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
  - (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, 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 Ind AS financial statements – Refer **Note 31** to the standalone Ind AS financial statements;
    - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
    - iii. There has been no delay in transferring amounts and equity shares, required to be transferred, to the Investor Education and Protection Fund by the Company.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

**For JAIN & ASSOCIATES**  
Chartered Accountants  
(Regd No.:001361N)

Date : 26.06.2021  
Place : CHANDIGARH  
UDIN : 21513236AAAAKV5981

**KRISHAN MANGAWA**  
**Partner**  
(Membership No.: 513236)

**Annexure “A” to the Independent Auditors’ Report**

(Referred to in paragraph 1(f) under ‘Report on Other Legal and Regulatory Requirements’ section of our report to the Members of Samrat Forgings Limited of even date).

**Report on the Internal Financial Controls Over Financial Reporting under Clause**

**(i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)**

We have audited the internal financial controls over financial reporting of **M/s SAMRAT FORGINGS 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 the Internal Financial Controls**

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting.

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

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



receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

**Inherent Limitations of Internal Financial Controls Over Financial Reporting**

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

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2021, based on the internal control over financial reporting criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For JAIN & ASSOCIATES**

Chartered Accountants  
(Regd No.:001361N)

Date : 26.06.2021  
Place : CHANDIGARH  
UDIN : 21513236AAAAKV5981

**KRISHAN MANGAWA**

**Partner**  
(Membership No.: 513236)

**ANNEXURE 'B' TO THE INDEPENDENT AUDITOR'S REPORT**

**(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of Samrat Forgings Limited of even date)**

- i. In respect of the Company's fixed assets:
  - a) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.
  - b) According to information and explanations given by the management, the company has a program of physical verification of property, plant and equipment to cover all the items in a phased manner over a period of three years. In accordance with this program, certain property, plant and equipment were physically verified by the Management during the year and no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.
  - c) According to information and explanations given by the management, the title deeds of immovable properties included in fixed assets are held in the name of the Company.
- ii. As explained to us, the inventories were physically verified during the year by the management at reasonable intervals and no material discrepancies were noticed on physical verification.
- iii. According to information and explanations given to us the Company has not granted loans secured or unsecured during the year to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013, and hence reporting under accordingly, paragraph 3 (iii) of the Order is not applicable.
- iv. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, in respect of loans, investments, guarantees and security made.
- 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. The Company is required to maintain cost records under section 148(1) of the Companies Act, 2013, for the products of the company and accordingly maintaining the cost records.
- vii. According to information and explanations given to us in respect of Statutory Dues;
  - (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, income-tax, sales-tax, service tax, customs duty, excise duty, value added tax, cess and other material statutory dues applicable to it though there have been slight delays in few cases.
  - (b) There were no undisputed amounts payable in respect of provident fund, income-tax, Goods and Services Tax, service tax, sales-tax, duty of custom, duty of excise, value added tax, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
  - (c) According to the records of the Company, there are no dues outstanding on account of income-tax, Goods and Services Tax, sales-tax, service tax, duty of custom, duty of excise, value added tax and cess.

- 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 financial institution, bank or Government. The Company did not have any outstanding debentures during the year.
- ix. In our opinion and according to the information and explanations given to us, the Company did not raise any money by way of initial public offer or further public offer (including debt instruments). The term loans availed by the company during the year have been applied for the purpose for which it has been availed.
- x. 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 to us and based on our examination of the records of the Company, the Company has paid/ provided managerial remuneration within limits under section 197 read with Schedule V to the Act.
- 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 to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the standalone Ind AS financial statements as required by the applicable accounting standards.
- xiv. According to the information and explanations given to us the Company has not issued shares under preferential allotment during the year. Therefore, the provisions of clause 3(xiv) of the Order are not applicable to the Company and hence not commented upon.
- xv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- xvi. The Company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions of clause 3 (xvi) of the Order are not applicable to the Company.

**For JAIN & ASSOCIATES**  
Chartered Accountants  
(Regd No.:001361N)

**KRISHAN MANGAWA**  
**Partner**  
(Membership No.: 513236)

Date : 26.06.2021  
Place : CHANDIGARH  
UDIN : 21513236AAAAKV5981

# Samrat Forgings Limited

## BALANCE SHEET AS ON 31.03.2021

(Amount in Rs.)

S.No.	Particulars	Note	As at 31.03.2021	As at 31.03.2020
<b>A)</b>	<b>ASSETS</b>			
<b>1</b>	<b>Non-Current assets</b>			
	Gross Block		550,493,196	545,026,112
	Less : Depreciation		282,395,522	245,809,593
	(a) Property Plant & Equipment	3	268,097,675	290,216,519
	(b) Capital Work in Progress		-	-
	(c) Right of Use Asset	29	24,737,181	26,798,613
	(d) Financial assets			
	(i) Investments		-	-
	(ii) Other Financial Assets	4	19,127,032	19,178,076
	(e) Other non current assets		-	-
	<b>Total non-current assets</b>		<b>311,961,887</b>	<b>336,193,208</b>
<b>2</b>	<b>Current assets</b>			
	(a) Inventories	5	433,782,818	404,123,911
	(b) Financial assets			
	(i) Trade receivables	6	210,422,169	111,689,245
	(ii) Cash & Cash Equivalents	7	1,220,646	1,008,068
	(iii) Other Bank Balances	8	6,835,949	6,425,146
	(iv) Other financial assets	9	635,917	955,478
	(c) Other current assets	10	16,998,464	11,590,244
	<b>Total current assets</b>		<b>669,895,963</b>	<b>535,792,092</b>
	<b>Total assets</b>		<b>981,857,850</b>	<b>871,985,300</b>
<b>B)</b>	<b>EQUITY AND LIABILITIES</b>			
<b>1</b>	<b>Equity</b>			
	(a) Equity Share Capital	11	50,000,000	50,066,125
	(b) Other Equity	12	148,429,781	124,470,393
	<b>Total equity</b>		<b>198,429,781</b>	<b>174,536,518</b>
<b>2</b>	<b>Non current Liabilities</b>			
	(a) Financial liabilities			
	(i) Borrowings	13	146,995,677	128,595,794
	(ii) Lease Liabilities	29	24,745,625	26,210,865
	(b) Provisions	14	11,649,847	11,805,746
	(c) Deferred tax liabilities (Net)	15	21,131,245	19,546,674
	<b>Total non-current liabilities</b>		<b>204,522,394</b>	<b>186,159,079</b>
<b>3</b>	<b>Current Liabilities</b>			
	(a) Financial liabilities			
	(i) Borrowings	16	237,414,867	227,281,641
	(ii) Trade Payables	17		
	- Total outstanding dues of Micro and Small Scale Industrial Enterprises		1,926,344	1,689,861
	- Total outstanding dues of Creditors other than Micro and Small Scale Industrial Enterprises		263,090,074	232,600,473
	(iii) Lease Liabilities	29	1,465,239	1,369,383
	(iv) Other financial liabilities	18	59,181,326	38,386,017
	(b) Current Tax Liabilities (Net)	19	3,333,083	145,661
	(c) Other current Liabilities	20	12,494,742	9,816,667
	<b>Total current liabilities</b>		<b>578,905,675</b>	<b>511,289,703</b>
	<b>TOTAL EQUITY AND LIABILITIES</b>		<b>981,857,850</b>	<b>871,985,300</b>

Notes from 1 to 38 form integral part of Financial Statements.

(A P S GROVER)	(SANDEEP KUMAR)	(RAKESH M. KUMAR)	(BINDU CHOWDHARY)
Chief Financial Officer	Company Secretary	Managing Director	Director
	M. No. F9075	DIN 00066497	DIN 01154263

AUDITORS' REPORT  
As per our separate report of even date  
FOR JAIN & ASSOCIATES  
(Firm Regn. No.: 001361N)

(KRISHAN MANGAWA)  
PARTNER  
Membership No. 513236

Place: Chandigarh  
Date : 26/06/2021

# Samrat Forgings Limited

## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH, 2021

(Amount in Rs.)

Particulars	Note	As at 31.03.2021	As at 31.03.2020
Revenue from operations	21	1,177,139,429	821,093,858
Other Income	22	2,121,260	3,057,437
Total Income		<u>1,179,260,689</u>	<u>824,151,295</u>
Expenses:			
Cost of materials consumed	23	629,044,336	388,000,317
Change in F.G, WIP, and Stock-in-Trade	24	4,862,202	(10,505,785)
Employee Benefit Expenses	25	146,584,968	135,381,616
Finance costs	26	56,104,190	54,759,357
Depreciation and amortization expense	27	29,647,360	29,842,675
Other expenses	28	282,923,046	223,621,180
Total expenses		<u>1,149,166,102</u>	<u>821,099,359</u>
Profit before exceptional items and tax		30,094,587	3,051,935
Exceptional items		-	-
<b>Profit before tax</b>		<u>30,094,587</u>	<u>3,051,935</u>
Tax expense:			
(1) Current tax		8,459,816	-
(2) Deferred tax		(868,999)	2,533,037
Income tax of Previous Year		4,580	127,390
<b>Profit after tax</b>		<u>22,499,190</u>	<u>391,508</u>
Other comprehensive income			
(i) Items that will not be re-classified to profit or loss:			
- Remeasurements of defined benefit obligation (net)		1,394,072	3,481,333
- Income tax relating to items that will not be reclassified to profit or loss		-	-
(ii) Items that may be re-classified to profit or loss:			
- Income tax relating to items that may be reclassified to profit or loss		-	-
- Remeasurements of long term assets		-	-
<b>Total other comprehensive income (net of tax)</b>		<u>1,394,072</u>	<u>3,481,333</u>
<b>Total comprehensive income</b>		<u>23,893,262</u>	<u>3,872,841</u>
Earnings per equity share-basic /diluted:			
- Before exceptional item		4.50	0.08
- After exceptional item		4.50	0.08
Nominal Value of each share		10.00	10.00

Notes from 1 to 38 form integral part of Financial Statements.

(A P S GROVER)	(SANDEEP KUMAR)	(RAKESH M. KUMAR)	(BINDU CHOWDHARY)
Chief Financial Officer	Company Secretary	Managing Director	Director
	M. No. F9075	DIN 00066497	DIN 01154263

### AUDITORS' REPORT

As per our separate report of even date  
FOR JAIN & ASSOCIATES  
(Firm Regn. No.: 001361N)

(KRISHAN MANGAWA)  
PARTNER  
Membership No. 513236

Place: Chandigarh  
Date : 26/06/2021

# Samrat Forgings Limited

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2021

(Amount in Rs.)

PARTICULARS	Year Ended 31.03.2021	Year Ended 31.03.2020
<b>CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Total comprehensive income	23,893,262	3,872,841
<b>ADJUSTMENTS TO RECONCILE PROFIT BEFORE TAX TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>		
INCOME TAX CHARGED IN PROFIT AND LOSS A/C	7,595,397	2,660,427
DEPRECIATION AND AMORTIZATION	29,647,360	29,842,675
FINANCE COSTS	56,104,190	54,759,357
LOSS/(PROFIT) ON SALE OF FIXED ASSETS	-	(54,963)
INTEREST INCOME RECEIVED	(1,537,859)	(1,665,067)
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>	<b>115,702,350</b>	<b>89,415,270</b>
<b>CHANGES IN OPERATING ASSETS AND LIABILITIES:</b>		
TRADE RECEIVABLES	(98,732,924)	4,752,651
OTHER RECEIVABLES	(7,367,562)	191,735
INVENTORY	(29,658,907)	(17,395,162)
PROVISIONS	(155,899)	(1,620,630)
TRADE AND OTHER PAYABLES	62,963,311	20,304,760
<b>CASH GENERATED FROM OPERATIONS</b>	<b>42,750,369</b>	<b>95,648,624</b>
INCOME TAX PAID (NET)	493,456	2,620,848
<b>NET CASH FLOW FROM OPERATING ACTIVITIES (A)</b>	<b>42,256,913</b>	<b>93,027,776</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES:</b>		
NET PURCHASE OF FIXED ASSETS	(5,467,084)	(49,388,988)
CHANGE IN CAPITAL WIP	-	2,875,002
CHANGE IN INVESTMENTS	-	-
INTEREST INCOME RECEIVED	1,537,859	1,665,067
<b>NET CASH FLOW FROM INVESTING ACTIVITIES (B)</b>	<b>(3,929,225)</b>	<b>(44,848,919)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES:</b>		
PROCEEDS FROM LONG-TERM BORROWINGS	18,399,883	7,465,822
FINANCE COST	(56,104,190)	(54,759,357)
<b>NET CASH FLOW FROM FINANCING ACTIVITIES (C)</b>	<b>(37,704,307)</b>	<b>(47,293,535)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)</b>	<b>623,381</b>	<b>885,322</b>
<b>OPENING CASH AND CASH EQUIVALENTS</b>	<b>7,433,214</b>	<b>6,547,892</b>
<b>CLOSING CASH AND CASH EQUIVALENTS</b>	<b>8,056,595</b>	<b>7,433,214</b>

Notes:

- 1) The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Indian Accounting Standard-7 on Statement of Cash Flow
- 2) Additions of fixed assets include movement of Capital work-in-progress during the year.
- 3) Proceeds/(repayment) of Short-term & Long-Term borrowings have been shown on net basis.
- 4) Figure in brackets represents cash outflow from respective activities.

**Notes from 1 to 38 form integral part of Financial Statements.**

(A P S GROVER) Chief Financial Officer	(SANDEEP KUMAR) Company Secretary M. No. F9075	(RAKESH M. KUMAR) Managing Director DIN 00066497	(BINDU CHOWDHARY) Director DIN 01154263
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### AUDITORS' REPORT

As per our separate report of even date  
FOR JAIN & ASSOCIATES  
(Firm Regn. No.: 001361N)

(KRISHAN MANGAWA)  
PARTNER  
Membership No. 513236

Place: Chandigarh  
Date : 26/06/2021

# Samrat Forgings Limited

## Statement of Changes in Equity

### A. Equity share capital

(Also refer Note 11)

Particulars	(Amount in Rs.)
As on 1st April 2019	50,066,125
Changes during the year	-
Balance as at March 31, 2020	50,066,125
Balance as at April 1, 2020	50,066,125
Changes during the year	(66,125)
Balance as at March 31, 2021	50,000,000

### B Other Equity

(Also refer Note 12)

	SURPLUS			OTHER RESERVES	
PARTICULARS	Capital Incentive	Capital Reserve	Retained Earnings	Remeasurement of Defined Benefit Obligations	Total
As at 1st April 2019	1,500,000	-	119,097,552	-	120,597,552
Profit for the period	-	-	391,508	-	391,508
Other Comprehensive Income	-	-	-	3,481,333	3,481,333
As At 31st March 2020	1,500,000	-	119,489,060	3,481,333	124,470,393
As at 1st April 2020	1,500,000	-	119,489,060	3,481,333	124,470,393
Cancellation of Forfeited Shares	-	66,125	-	-	66,125
Profit for the period	-	-	22,499,190	-	22,499,190
Other Comprehensive Income	-	-	-	1,394,072	1,394,072
As At 31st March, 2021	1,500,000	66,125	141,988,251	4,875,405	148,429,781

### NATURE AND PURPOSE OF RESERVES

#### 1 Capital Incentive Reserve

Capital Incentive Reserve represents the amount of Government Grant received by the Company.

#### 2 Capital Reserve

Capital Reserve represents the profit/(loss) on cancellation of forfeited shares of the Company.

#### 3 Retained Earnings

Retained earnings is the amount of net income retained by the Company after it has paid out dividends(if any) to its shareholders.

#### 4 Remeasurement of Defined Benefit Obligations

Remeasurements of the defined benefit plans comprises of actuarial gains and losses on calculation of defined benefit obligations and differences between the fair value of plan assets, return on plan assets and actual interest income on plan assets. These remeasurements are recognised in other comprehensive income and will not be reclassified to Statement of Profit and Loss.

Notes from 1 to 38 form integral part of Financial Statements.

(A P S GROVER)	(SANDEEP KUMAR)	(RAKESH M. KUMAR)	(BINDU CHOWDHARY)
Chief Financial Officer	Company Secretary	Managing Director	Director
	M. No. F9075	DIN 00066497	DIN 01154263

#### AUDITORS' REPORT

As per our separate report of even date  
FOR JAIN & ASSOCIATES  
(Firm Regn. No.: 001361N)

(KRISHAN MANGAWA)

PARTNER

Membership No. 513236

Place: Chandigarh

Date : 26/06/2021



## NOTES TO THE FINANCIAL STATEMENTS FOR YEAR TO DATE ENDED 31.03.2021

### 1 Background

Samrat Forgings Limited ("Company") is public limited company domiciled in India and is listed on the Bombay Stock Exchange Limited (BSE). The Company one of the largest suppliers of quality forgings in the country. We are accredited with AD-2000 Merkblatt W 0 certification from one of the renowned international agency. Our most modern Unit-II has highly sophisticated specialized CNC machines. We can also offer to our esteemed customers fully machined components.

### 2 Significant Accounting Policies

This note provides 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 and presentation

##### (a) Statement of Compliance with Ind AS

The standalone financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) as prescribed under Section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules issued thereafter.

##### (b) Basis of Measurement

The standalone financial statements have been prepared on a historical cost convention on accrual basis, except for the following material items that have been measured at fair value as required by relevant Ind AS:-

- i) Certain financial assets and liabilities measured at fair value (refer accounting policy 2.9 on financial instruments).
- ii) Defined benefit and other long-term employee benefits.

All assets and liabilities have been classified as current or non-current as per the Company's operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of services and the time between the rendering of service and their realization in cash and cash equivalents, the Company has ascertained its operating cycle as twelve months for the purpose of current and non-current classification of assets and liabilities.

##### (c) Use of estimates

The preparation of standalone financial statements in conformity with Ind AS requires the Management to make estimate and assumptions that affect the reported amount of assets and liabilities as at the Balance Sheet date, reported amount of revenue and expenses for the year and disclosures of contingent liabilities as at the Balance Sheet date. The estimates and assumptions used in the accompanying financial statements are based upon the Management's evaluation of the relevant facts and circumstances as at the date of the financial statements. Actual results could differ from these estimates. Estimates and underlying assumptions are reviewed on a periodic basis. Revisions to accounting estimates, if any, are recognized in the year in which the estimates are revised and in any future years if the revision effects such periods.

Also key sources of estimation uncertainty is mentioned below:

##### **i) Useful lives of property, plant and equipment and intangible assets:**

As described in the significant accounting policy, the Company reviews the estimated useful lives of property, plant and equipment and intangible assets at the end of each reporting period.

**ii) The fair value measurements and valuation processes:**

Some of the Company's assets and liabilities are measured at fair value for financial reporting purposes. In estimating the fair value of an asset or liability, the Company uses market-observable data to the extent it is available. Where level 1 input are not available, the Company engages third party valuers, where required, to perform the valuation. Information about the valuation techniques and inputs, used in determining the fair value of various assets, liabilities are disclosed in notes to standalone financial statements.

**iii) Actuarial valuation:**

The determination of Company's liability towards defined benefit obligation to employees is made through independent actuarial valuation including determination of amounts to be recognized in the statement of profit or loss and in other comprehensive income. Such valuation depend upon assumptions determined after taking into account inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market. Information about such valuation is provided in notes to standalone financial statements.

**2.2 Property, Plant and Equipment**

Property, plant and equipment are stated at cost of acquisition less accumulated depreciation and accumulated impairment losses, if any. Direct costs are capitalized until the assets are ready for use and include inward freight, and expenses incidental to acquisition and installation. Subsequent expenditures related to an item of Property, plant and equipment are added to its book value only if they increase the future benefits from the existing asset beyond its previously assessed standard of performance.

**Depreciation methods, estimated useful lives**

Depreciation on Property, plant and equipment is provided when the assets are ready for use on the straight line method, on a pro rata basis, over the estimated useful lives of assets, in order to reflect the period over which the depreciable asset is expected to be used by the Company. Depreciation on addition to property plant and equipment is provided on pro-rata basis from the date of acquisition. Depreciation on sale/deduction from property plant and equipment is provided up to the date preceding the date of sale, deduction as the case may be. Losses arising from the retirement of, and gains or losses arising from disposal of Property, plant and equipment measured as the difference between amount realized and net carrying value which are carried at cost are recognized in the Statement of Profit and Loss. under 'Other Income/ Other Expenses'. Depreciation methods, useful lives and residual values are reviewed periodically at each financial year end and adjusted prospectively, as change in accounting estimates.

**2.3 Impairment of Financial Assets**

At each Balance Sheet date, the Company assesses whether there is any indication that an asset may be impaired. If any such indication exists, management estimates the recoverable amount. Recoverable amount is higher of an asset's net selling price and value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. If the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recognized in the Profit and Loss Statement to the extent carrying amount exceeds recoverable amount. Assessment is also done at each Balance sheet date as to whether there is any indication that an impairment loss recognized for an asset in prior accounting periods may no longer exists or may have decreased.

## **2.4 Employee Benefits**

### **(a) Short Term Obligations**

The undiscounted amount of short term employee benefits expected to be paid in exchange for the services rendered by employees is recognized in the year during which the employee rendered the services. These benefits comprise compensated absences such as paid annual leave and performance incentives.

### **(b) Long Term Defined Benefit Obligation**

**Gratuity:** The Company has defined benefit plans for post employment benefits in the form of gratuity for its employees in India. The gratuity scheme of the Company is administered through Life Insurance Corporation of India (LIC). Liability for defined benefit plans is provided on the basis of actuarial valuations, as at the Balance Sheet date, carried out by an independent actuary. The actuarial valuation method used by independent actuary for measuring the liability is the projected unit credit method. Actuarial gains and losses are recognized immediately in the Other Comprehensive Income (OCI) as income or expense (net of taxes).

**Compensated absences:** The employees of the Company are also entitled for other long-term benefit in the form of compensated absences as per the policy of the Company. Leave encashment vests with employees on an annual basis for leave balance above the upper limit as per the Company's policy. At the time of retirement, death while in employment or on termination of employment leave encashment vests equivalent to salary payable for number of days of accumulated leave balance subject to an upper limit as per the Company's policy. Liability for such benefit is provided on the basis of actuarial valuation, as at the Balance Sheet date, carried out by an independent actuary. The actuarial valuation method used by independent actuary for measuring the liability is the projected unit credit method. Actuarial gains and losses are recognized immediately in the Profit and Loss Statement as income or expense.

### **(c) Long Term Defined Contribution Plan**

The Company has defined contribution plans for post employment benefits in the form of provident fund, employees' state insurance and Labour Welfare Fund which are administered through Government of India and/or Life Insurance Corporation of India (LIC).

## **2.5 Fair Value Measurement**

The Company measures financial instruments, such as, investments 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 accessible to the Company.

All assets and liabilities for which fair value is measured or disclosed in the standalone financial statements are categorized 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.

The management determines the policies and procedures for both recurring fair value measurement and disclosure. 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.

### 2.6 Taxes

Tax expense for the year comprises of current tax and deferred tax. Current tax is measured by the amount of tax expected to be paid to the taxation authorities on the taxable profits after considering tax allowances and exemptions and using applicable tax rates and laws.

#### (a) Current Income Tax

Current income tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognized 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. Advance taxes and provisions for current income taxes are presented in the balance sheet after off-setting advance tax paid. Current tax assets and liabilities are offset when there is a legally enforceable right to set off the recognized amount and there is an intention to settle the asset and liability on a net basis.

#### (a) Deferred Tax

Deferred income tax is recognized using the balance sheet approach. Deferred income tax assets and liabilities are recognized for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount, except when the deferred income tax arises from the initial recognition of an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction. Deferred income tax assets are recognized 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 utilized.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which the temporary differences are expected to be received or settled.

Minimum Alternative Tax (MAT) credit is recognized as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. Such asset is reviewed at each balance sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer convincing evidence to the effect that the Company will pay normal income tax during the specified period.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off assets against liabilities representing the current tax and where the deferred tax assets and liabilities relate to taxes on income levied by the same governing taxation laws.

## **2.7 Cash and cash equivalents**

The Company considers all highly liquid financial instruments, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents. Cash and cash equivalents consist of balances with banks which are unrestricted for withdrawal and usage.

## **2.8 Provisions and contingent liabilities**

A provision is recognized when the Company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

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 recognized as a finance cost.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made. Contingent assets are neither recognized nor disclosed in the standalone financial statements.

A contingent liability recognized in a business combination is initially measured at its fair value. Subsequently, it is measured at the higher of the amount that would be recognized in accordance with the requirements for provisions above or the amount initially recognized less, when appropriate, cumulative amortization recognized in accordance with the requirements for revenue recognition.

## **2.9 Financial instruments**

All financial instruments are recognized initially at fair value. Transaction costs that are attributable to the acquisition of the financial asset (other than financial assets recorded at fair value through profit or loss) are included in the fair value of the financial assets. Purchase 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 trade) are recognized on trade date. While, loans and borrowings and payables are recognized net of directly attributable transaction costs.

For the purpose of subsequent measurement, financial instruments of the Company are classified in the following categories: non derivative financial assets comprising amortized cost, debt instruments at fair value through other comprehensive income (FVTOCI), equity instruments at FVTOCI or fair value through profit and loss account (FVTPL) and non derivative financial liabilities at amortized cost or FVTPL. The classification of financial instruments depends on the objective of the business model for which it is held. Management determines the classification of its financial instruments at initial recognition.

**(a) Non-derivative financial assets**

**(i) Financial assets at amortized cost**

A financial asset is measured at amortized cost if both of the following conditions are met:

(a) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and

(b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding. They are presented as current assets, except for those maturing later than 12 months after the reporting date which are presented as non-current assets.

Financial assets are measured initially at fair value plus transaction costs and subsequently carried at amortized cost using the effective interest method, less any impairment loss. Amortized cost are represented by trade receivables, security deposits, cash and cash equivalents, employee and other advances and eligible current and noncurrent assets.

**(ii) Financial assets at FVTPL**

FVTPL is a residual category for financial assets. Any financial asset which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as FVTPL. In addition the Company may elect to designate the financial asset, which otherwise meets amortized cost or FVTOCI criteria, as FVTPL if doing so eliminates or significantly reduces a measurement or recognition inconsistency. The Company has not designated any financial asset as FVTPL.

**(b) Non-derivative financial liabilities**

**(i) Financial liabilities at amortized cost**

Financial liabilities at amortized cost represented by borrowings, trade and other payables are initially recognized at fair value, and subsequently carried at amortized cost using the effective interest rate method.

**(ii) Financial liabilities at FVTPL**

Financial liabilities at FVTPL represented by contingent consideration (if any) are measured at fair value with all changes recognized in the statement of profit and loss.

**2.10 Contributed Equity**

Equity shares are classified as equity share capital. Incremental costs directly attributable to the issue of new shares (if any) are shown in other equity under securities premium as a deduction, net of tax, from the proceeds.

**2.11 Earnings per Share**

Basic earnings per share (EPS) are calculated by dividing the net profit / (loss) after tax for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

Diluted earnings per share is computed by adjusting the number of shares used for basic EPS with the weighted average number of shares that could have been issued on the conversion of all dilutive potential equity shares.

Dilutive potential equity shares are deemed converted as of the beginning of the year, unless they have been issued at a later date. The diluted potential equity shares have been adjusted for the proceeds receivable had the shares been actually issued at fair value i.e. average market value of outstanding shares.

The number of shares and potentially dilutive shares are adjusted for share splits and bonus shares, as appropriate. In calculating diluted earnings per share, the effects of anti dilutive potential equity shares are ignored. Potential equity shares are anti-dilutive when their conversion to equity shares would increase earnings per share or decrease loss per share.

### **2.12 Rounding off Amounts**

All amounts disclosed in standalone financial statements and notes have been rounded off to the nearest Lakhs as permitted in Schedule III of the Act, unless otherwise stated.

### **2.13 Impact of COVID-19**

The World Health Organization announced a global health emergency because of a new strain of coronavirus ("COVID-19") and classified its outbreak as a pandemic on March 11, 2020. On March 24, 2020, the Indian government announced a strict 21-day lockdown across the country to contain the spread of the virus, which was further extended till May 31, 2020. This pandemic and government response are creating disruption in global supply chain and adversely impacting most of the industries which has resulted in global slowdown.

The Company does not foresee any large scale contraction in demand which could result in significant down-sizing of its employee base rendering the physical infrastructure redundant. In assessing the recoverability of PPE and CWIP, the Company has considered internal and external information up to the date of approval of these standalone financial statements including economic forecasts. The Company has performed sensitivity analysis on the assumptions used and based on current indicators of future economic conditions, the Company expects to recover the carrying amount of these assets. The Company has also assessed the impact of this whole situation on its capital and financial resources, profitability, liquidity position, internal financial reporting controls etc. and is of the view that based on its present assessment this situation does not materially impact this Standalone financial statement. However, the actual impact of COVID-19 on the Company's standalone financial statement may differ from that estimated and the Company will continue to closely monitor any material changes to future economic conditions.

### **2.14 Recent Accounting Pronouncements**

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from April 1, 2020.

**NOTE 3 Property, Plant & Equipment**

(Amount in Rs.)

	Land	Building	Plant & Machinery	Building/Office (Flat)	Furniture & Fixture	Office Equipment	Vehicle	Air-Conditioner	Computer	Total
<b>Gross carrying Amount</b>										
Deemed cost at April 1, 2019	441,426	58,196,934	428,335,148	6,589,432	3,047,269	2,511,091	20,585,502	778,624	4,644,520	525,109,945
Additions	1,636,006	3,220,858	13,146,854	-	733,750	322,064	1,095,103	256,189	208,227	20,619,051
Disposals	-	-	-	-	-	-	(702,884)	-	-	(702,884)
Balance as at March 31, 2020	2,077,432	61,417,792	441,482,002	6,589,432	3,781,019	2,833,155	20,957,721	1,034,813	4,852,746	545,026,112
Additions	-	-	5,165,025	-	-	155,741	-	129,318	17,000	5,467,084
Disposals	-	-	-	-	-	-	-	-	-	-
Balance as at March 31, 2021	2,077,432	61,417,792	446,647,027	6,589,432	3,781,019	2,988,896	20,957,721	1,164,131	4,869,746	550,493,196
<b>Accumulated Depreciation</b>										
As at April 1, 2019	-	19,111,949	182,881,003	2,669,634	2,583,374	2,243,696	13,206,896	718,134	4,281,405	227,696,090
Depreciation charged for the year	-	1,731,296	24,237,531	194,770	137,614	64,420	1,266,720	17,793	128,099	27,781,243
Disposals	-	-	-	-	-	-	(667,740)	-	-	(667,740)
Balance as at March 31, 2020	-	20,843,245	207,118,534	2,864,404	2,720,988	2,308,116	13,808,876	735,927	4,409,504	254,809,593
Depreciation charged for the year	-	1,747,647	23,971,090	194,770	140,373	111,834	1,276,080	26,439	117,697	27,585,929
Disposals	-	-	-	-	-	-	-	-	-	-
Redclassified as Assets Held for Sale	-	-	-	-	-	-	-	-	-	-
Balance as at March 31, 2021	-	22,590,891	231,089,624	3,059,174	2,861,360	2,419,950	15,084,956	762,366	4,527,201	282,395,522
<b>Net Carrying Amount</b>										
As at March 31, 2021	2,077,432	38,826,901	215,557,403	3,530,258	919,659	568,946	5,872,765	401,766	342,546	268,097,675
As at March 31, 2020	2,077,432	40,574,548	234,363,468	3,725,028	1,060,031	525,039	7,148,845	298,886	443,242	290,216,519

Note 3 (A) Details of under capital work-in-progress as on 31.03.2021 is as under:

PARTICULARS	AMOUNT
Opening Balance of Capital Work in Progress as at 1st April 2019	2,875,002
(+) Additions	7,200,355
(-) Transfers	(10,075,368)
(-) Disposals	-
Closing Balance of Capital Work in Progress as at 31st March 2020	-
(+) Additions	3,398,100
(-) Transfers	(3,398,100)
(-) Disposals	-
Closing Balance of Capital Work in Progress as at 31st March 2021	-



## Samrat Forgings Limited

(Amount in Rs.)

<b>NOTE 4 OTHER FINANCIAL ASSETS</b>	<b>As at 31.03.2021</b>	<b>As at 31.03.2020</b>
Unsecured, considered good <b>Security Deposit</b>	19,127,032	19,178,076
<b>TOTAL</b>	<b>19,127,032</b>	<b>19,178,076</b>

<b>NOTE 5 INVENTORIES</b>	<b>As at 31.03.2021</b>	<b>As at 31.03.2020</b>
<b>(As per inventories taken ,valued &amp; certified by the management)</b>		
Raw Materials	50,941,501	21,327,220
Work In Progress	281,263,638	296,718,067
Finished Goods	31,997,326	20,943,831
Stores & Spares	13,445,376	14,687,670
Tools & Dies	55,265,740	49,116,618
Scrap	869,237	1,330,505
<b>TOTAL</b>	<b>433,782,818</b>	<b>404,123,911</b>

*\* refer note on significant accounting policies for the valuation of inventories*

<b>NOTE 6 TRADE RECEIVABLES</b>	<b>AS AT 31.03.2021</b>	<b>As at 31.03.2020</b>
Unsecured Considered Good	210,422,169	111,689,245
<b>TOTAL</b>	<b>210,422,169</b>	<b>111,689,245</b>

# Samrat Forgings Limited

(Amount in Rs.)

<b>NOTE 7 CASH &amp; CASH EQUIVALENTS</b>	<b>As at 31.03.2021</b>	<b>As at 31.03.2020</b>
(a) Cash & Cash Equivalents		
- Cash in Hand	56,087	139,717
(b) Balance with Banks		
- in Current Accounts	1,164,559	868,352
<b>TOTAL</b>	<b>1,220,646</b>	<b>1,008,068</b>

<b>NOTE 8 OTHER BANK BALANCES</b>	<b>As at 31.03.2021</b>	<b>As at 31.03.2020</b>
(a) Fixed Deposits		
Maturing within 12 Months	6,835,949	6,425,146
<b>TOTAL</b>	<b>6,835,949</b>	<b>6,425,146</b>

<b>NOTE 9 OTHER FINANCIAL ASSETS</b>	<b>As at 31.03.2021</b>	<b>As at 31.03.2020</b>
<b>Considered Good</b>		
Interest accrued on deposits	635,917	955,478
<b>TOTAL</b>	<b>635,917</b>	<b>955,478</b>

<b>NOTE 10 OTHER CURRENT ASSETS</b>	<b>As at 31.03.2021</b>	<b>As at 31.03.2020</b>
<b>(Unsecured considered good unless otherwise stated)</b>		
A) <b>Advances other than Capital Advances</b>		
Advance to Vendors	10,044,343	5,194,212
Security Deposits	740,030	764,230
Prepaid expenses	3,391,147	3,685,493
Balance with Government Authorities	551,558	550,328
Others	2,271,385	1,395,981
<b>TOTAL</b>	<b>16,998,464</b>	<b>11,590,244</b>

# Samrat Forgings Limited

(Amount in Rs.)

NOTE	11 EQUITY SHARE CAPITAL	As at 31.03.2021	As at 31.03.2020
1.	<b>A) AUTHORISED</b>		
	10000000 Equity shares of Rs. 10/- each	100,000,000	100,000,000
	<b>B) ISSUED :</b>		
	5000000 Equity Shares of Rs. 10/- each	50,000,000	50,262,000
	<b>C) ISSUED SUBSCRIBED &amp; PAID UP</b>		
	Fully called up and paid up.	50,000,000	50,000,000
	<b>D) FORFEITED EQUITY SHARES</b>		
	26,200 Equity Shares of Rs. 10/- each forfeited	-	66,125
		<b>50,000,000</b>	<b>50,066,125</b>

**E) RIGHTS ATTACHED TO EQUITY SHARES :**

- i) Each Shareholder is entitled to one vote per share.
- ii) Each Shareholder has the right in profit/surplus in proportion to amount paid up with respect to share holding.
- iii) In the event of winding up, the equity shareholders will be entitled to receive the remaining balance of assets, if any, in proportionate to their individual shareholding in the paid up equity capital of the company.

**C) DETAIL OF SHAREHOLDERS HOLDING MORE THAN 5% SHARES**

	As on 31st March 2021	As on 31st March 2020
No. of Shares held	No. of Shares held	No. of Shares held
1. Jandwani Poly Products Pvt Ltd	1,361,200	1,361,200
2. Susoka Enterprises Pvt. Ltd. (Formerly Natrajan Investments & Finance Pvt Ltd)	820,000	820,000
3. Jitya Enterprises Pvt Ltd (Formerly Jay Dee Holdings Pvt Ltd)	280,000	280,000
4. Prem Lal	500,000	500,000
5. Rakesh M Kumar	1,180,100	1,180,100

**D) RECONCILIATION OF NUMBER OF SHARES AND AMOUNT OUTSTANDING AT THE BEGINNING AND AT THE END OF THE REPORTING PERIOD:**

<b>Subscribed and fully paid up Equity Shares:</b>	<b>Numbers</b>
As at April 1, 2020	5,000,000
As at March 31, 2021	5,000,000

\* There is no change in the number of shares outstanding at the beginning and at the end of the financial year.

# Samrat Forgings Limited

(Amount in Rs.)

NOTE 12 OTHER EQUITY	As at 31.03.2021	As at 31.03.2020
<b>A) CAPITAL INCENTIVE</b>	1,500,000	1,500,000
<b>B) PROFIT &amp; LOSS ACCOUNT</b>		
As Per Last Balance Sheet	119,489,061	119,097,552
Net Profit during the year	22,499,190	391,508
	<u>141,988,251</u>	<u>119,489,061</u>
<b>C) CAPITAL RESERVE</b>	66,125	-
<b>D) OTHER RESERVE</b>		
Remeasurement of Defined Benefit Obligation	4,875,405	3,481,333
<b>Total (A+B+C+D)</b>	<u><b>148,429,781</b></u>	<u><b>124,470,394</b></u>

NOTE 13 LONG TERM BORROWINGS (AT AMORTIZED COST)	As at 31.03.2021	As at 31.03.2020
<b>I. Secured</b>		
<b>A. LOANS &amp; ADVANCES</b>		
<b>TERM LOANS FROM BANKS</b>	77,644,367	35,769,202
(Secured against Hypothecation of respective vehicle under hire-purchase agreement / Machinery & personal guarantee of directors)		
<b>TERM LOANS FROM OTHER PARTIES</b>	14,620,955	22,806,508
From Non-Banking Financial Companies (Secured against hypothecation of respective Machinery/Vehicle and personal guarantee of directors)		
<b>TOTAL SECURED LOANS</b>	<u><b>92,265,322</b></u>	<u><b>58,575,710</b></u>
<b>II. Unsecured</b>		
<b>LOAN &amp; ADVANCES FROM BANKS</b>	6,322,907	14,637,655
<b>LOAN &amp; ADVANCES FROM RELATED PARTIES (Refer Note - 38C)</b>	5,314,519	4,528,641
(Taken from Promoters & Directors)		
<b>OTHER LOANS &amp; ADVANCES</b>	43,092,929	50,853,788
(Against personal guarantee of directors)		
<b>TOTAL UNSECURED LOANS</b>	<u><b>54,730,355</b></u>	<u><b>70,020,084</b></u>
<b>TOTAL LONG-TERM BORROWINGS</b>	<u><b>146,995,677</b></u>	<u><b>128,595,794</b></u>

## Samrat Forgings Limited

(Amount in Rs.)

NOTE	14 LONG TERM PROVISIONS	As at 31.03.2021	As at 31.03.2020
	Provision For Employees Benefit		
	- Gratuity	10,299,367	10,608,384
	- Leave Encashment	1,350,480	1,197,362
	<b>TOTAL</b>	<b>11,649,847</b>	<b>11,805,746</b>

NOTE	15 DEFERRED TAX (NET)	As at 31.03.2021	As at 31.03.2020
	<b>A. Deferred Tax Liability</b>	34,612,684	27,346,962
	<b>B. Deferred Tax Asset</b>	13,481,439	5,346,718
	<b>C. MAT Credit Entitlement</b>	-	2,453,570
	<b>Net Deferred Tax Liability (A-B-C)</b>	<b>21,131,245</b>	<b>19,546,674</b>

NOTE	16 SHORT TERM BORROWINGS (AT AMORTIZED COST)	As at 31.03.2021	As at 31.03.2020
<b>I.</b>	<b>SECURED LOANS</b>		
	<b>A. LOANS REPAYABLE ON DEMAND FROM BANKS</b>	203,382,305	194,177,675
	The Jammu & Kashmir Bank Ltd (Cash Credit facility) (Secured against hypothecation of stock in trade, Book Debts, Stores & Spares, Tools, Implements, Die Blocks. Further, the above loans are secured by the first mortgage of Land, Building and Machinery of the Company and personal guarantees of the Promotor Directors of the Company.)		
	<b>B FROM OTHERS</b>	13,395,428	13,551,969
	The National Small Industries Corp. Ltd. (Secured against Bank guarantee)		
<b>II.</b>	<b>UNSECURED LOANS FROM RELATED PARTIES (Refer Note - 38C) (Taken from Promoters &amp; Directors)</b>	20,637,133	19,551,997
	<b>TOTAL</b>	<b>237,414,867</b>	<b>227,281,641</b>

## Samrat Forgings Limited

(Amount in Rs.)

NOTE	17	TRADE PAYABLES	As at 31.03.2021	As at 31.03.2020
		<b>Sundry Creditors</b>		
	i)	Total outstanding dues of Micro and Small Scale Industrial Enterprises	1,926,344	1,689,861
	ii)	Total outstanding dues of Creditors other than Micro and Small Scale Industrial Enterprises	263,090,074	232,600,473
		<b>TOTAL</b>	<b>265,016,418</b>	<b>234,290,334</b>

Information as required to be furnished as per section 22 of the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) for the year ended March 31, 2021, is given below. This information has been determined to the extent such parties have been identified on the basis of information available with the Company.

	As at 31.03.2021	As at 31.03.2020
(a) Principal amount and interest due thereon remaining unpaid to any supplier covered under MSMED Act:		
<b>Principal</b>	1,926,344	1,689,861
<b>Interest</b>	-	-
(b) The amount of interest paid by the buyer in terms of section 16, of the MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year:		
<b>Principal</b>	-	-
<b>Interest</b>	-	-
(c) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act.	-	-
(d) The amount of interest accrued and remaining unpaid at the end of each accounting year.	-	-
(e) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act, 2006.	-	-

## Samrat Forgings Limited

(Amount in Rs.)

<b>NOTE 18 OTHER FINANCIAL LIABILITIES</b>	<b>As at 31.03.2021</b>	<b>As at 31.03.2020</b>
Expenses Payable	18,859,287	14,552,311
Current Maturities of Long Term Debts	38,521,609	22,022,637
Interest accrued but not due on borrowings	704,153	857,411
Director Remuneration & Fee payable	1,096,277	953,658
<b>TOTAL</b>	<b>59,181,326</b>	<b>38,386,017</b>

<b>NOTE 19 CURRENT TAX LIABILITY (NET)</b>	<b>As at 31.03.2021</b>	<b>As at 31.03.2020</b>
Current Tax Payable for the year	5,993,472	476,102
Less : Tax Paid during the year	(2,660,389)	(330,441)
<b>TOTAL</b>	<b>3,333,083</b>	<b>145,661</b>

<b>NOTE 20 OTHER CURRENT LIABILITIES</b>	<b>As at 31.03.2021</b>	<b>As at 31.03.2020</b>
Statutory Dues	6,117,190	6,232,657
Advance received from customers	6,377,552	3,584,010
<b>TOTAL</b>	<b>12,494,742</b>	<b>9,816,667</b>

<b>NOTE 21 DETAIL OF REVENUE FROM OPERATIONS</b>	<b>As at 31.03.2021</b>	<b>As at 31.03.2020</b>
<b>Revenue from sale of products</b>		
Gross Sales	1,175,902,212	817,374,106
<b>Sale of Services</b>		
Conversion/Job Work Charges	1,237,217	3,719,752
<b>TOTAL</b>	<b>1,177,139,429</b>	<b>821,093,858</b>

<b>NOTE 22 OTHER INCOME</b>	<b>As at 31.03.2021</b>	<b>As at 31.03.2020</b>
<b>Interest Income</b>	1,537,859	1,665,067
<b>Other non-operative Income</b>		
Misc Income	332,848	1,392,370
Foreign Fluctation Gain	250,553	-
<b>TOTAL</b>	<b>2,121,260</b>	<b>3,057,437</b>

<b>NOTE 23 COST OF RAW MATERIAL CONSUMED</b>	<b>As at 31.03.2021</b>	<b>As at 31.03.2020</b>
<b>Opening Stock of Raw Materials</b>	21,327,220	15,094,989
<b>Add Purchases during the year</b>	658,658,617	394,232,548
Less Closing Stock	50,941,501	21,327,220
<b>TOTAL</b>	<b>629,044,336</b>	<b>388,000,317</b>

# Samrat Forgings Limited

(Amount in Rs.)

<b>NOTE 24 CHANGES IN FINISHED GOODS, WIP, STOCK IN TRADE</b>	<b>As at 31.03.2021</b>	<b>As at 31.03.2020</b>
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<b>Opening Stock</b>		
Work In Progress	296,718,067	286,400,868
Finished Goods	20,943,831	21,322,681
Scrap	1,330,505	763,069
<b>TOTAL 'A'</b>	318,992,403	308,486,618
<b>Closing Stock</b>		
Work In Progress	281,263,638	296,718,067
Finished Goods Stock	31,997,326	20,943,831
Scrap	869,237	1,330,505
<b>TOTAL 'B'</b>	314,130,201	318,992,403
<b>TOTAL (A - B)</b>	4,862,202	(10,505,785)

<b>NOTE 25 EMPLOYEE BENEFIT EXPENSES</b>	<b>As at 31.03.2021</b>	<b>As at 31.03.2020</b>
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Salaries & Wages	136,516,986	127,069,465
Contribution to Provident Fund & Other Funds	3,661,191	4,172,543
Staff Welfare	6,386,091	4,118,008
Provident Fund - Directors	20,700	21,600
<b>TOTAL</b>	146,584,968	135,381,616

<b>NOTE 26 FINANCE COST</b>	<b>As at 31.03.2021</b>	<b>As at 31.03.2020</b>
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<b>Interest Expense</b>		
Interest on Financial Liabilities other than Lease Liabilities	52,184,709	50,285,357
Interest on Lease Liabilities (Refer Note 29)	1,930,617	2,020,203
<b>Other Borrowing Cost</b>		
Bank Charges	1,988,863	2,453,798
<b>TOTAL</b>	56,104,190	54,759,357

<b>NOTE 27 DEPRECIATION AND AMORTIZATION EXPENSE</b>	<b>As at 31.03.2021</b>	<b>As at 31.03.2020</b>
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Depreciation of Tangible Assets (Refer Note 3)	27,585,929	27,781,243
Depreciation of Right-of-use Assets (Refer Note 29)	2,061,432	2,061,432
<b>TOTAL</b>	29,647,360	29,842,675



## Samrat Forgings Limited

(Amount in Rs.)

NOTE 28	OTHER EXPENSES	As at 31.03.2021	As at 31.03.2020
	<b>Manufacturing Expenses</b>		
	Power & Fuel	52,357,010	39,005,227
	Tools & Dies Consumed	5,029,440	3,787,988
	Stores & Consumables	146,582,437	113,291,006
	Production/Job Work Expenses	27,578,202	21,913,057
	Repair & Maintenance Machinery	9,538,380	9,368,617
	<b>Total A</b>	<b>241,085,469</b>	<b>187,365,896</b>
	<b>Selling Expenses</b>		
	Freight & Forwarding	6,894,235	6,053,636
	Business Promotion	1,472,810	1,720,055
	Rebates & Discounts	14,815,236	12,663,905
	R & M Vehicles (LCV)	4,366,388	3,194,202
	LD Charges	-	1,407,316
	<b>Total B</b>	<b>27,548,669</b>	<b>25,039,114</b>
	<b>Administrative &amp; Other Expenses</b>		
	Travelling & Conveyance		
	i) Directors	334,118	1,016,499
	ii) Others	947,923	1,261,970
	Professional & Legal Expenses	2,631,760	1,763,061
	Telephone & Postage	300,867	251,400
	Printing & Stationary	477,913	634,622
	Running & Maintenance-Vehicles	1,105,363	1,280,264
	Revaluation of Security Deposits	1,140	-
	Miscellaneous Expenses	280,651	214,161
	Repairs & Maintenance		
	R & M - Building	2,262,040	389,699
	R & M - General	384,548	289,381
	Subscription & Membership Fee	35,064	96,177
	Rates, Fee & Taxes	1,515,809	2,700,723
	Insurance	767,714	571,661
	Auditors' Remuneration		
	i) Audit Fee	150,000	150,000
	ii) Tax Audit Fee	40,000	40,000
	iii) Tax Matters Fee	30,000	30,000
	iv) Certification work Fee	10,000	10,000
	Advertisement	58,592	13,800
	Rent	256,000	250,000
	Sitting Fee	260,000	247,500
	Foreign Fluctuation Loss	-	5,251
	Sundry Balances Written off	2,439,407	-
	<b>Total C</b>	<b>14,288,907</b>	<b>11,216,169</b>
	<b>Grand Total (A+B+C)</b>	<b>282,923,046</b>	<b>223,621,180</b>

**NOTE 29 Right of Use Assets & Lease Liability**

The Company has adopted Ind AS 116 effective 1st April, 2019, using the modified retrospective method. The Company has applied the standard to its leases with the cumulative impact recognised on the date of initial application (1st April, 2019).

Accordingly, previous period information has not been restated. This has resulted in recognising a right-of-use asset of 288.6 Lacs and a corresponding lease liability of the same amount.

**A. Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:**

	(Amount in Rs.)	
<b>Particulars: Land</b>	<b>2020-21</b>	<b>2019-20</b>
Opening Balance	28,860,044	-
Addition on account of Transition to Ind AS 116 - 1st April, 2019	-	28,860,044
Additions	-	-
Disposals	-	-
<b>Original Cost as on 31st March 2021 (31st March 2020)</b>	<b>28,860,044</b>	<b>28,860,044</b>
Accumulated Depreciation Opening Balance	2,061,432	-
Additions	2,061,432	2,061,432
Disposals	-	-
<b>Acc. Depreciation as on 31st March 2021 (31st March 2020)</b>	<b>4,122,863</b>	<b>2,061,432</b>
<b>WDV of ROU Asset as on 31st March 2021 (31st March 2020)</b>	<b>24,737,181</b>	<b>26,798,613</b>

**B. Set out below are the carrying amounts of lease liabilities and the movements during the period:**

<b>Particulars</b>	<b>2020-21</b>	<b>2019-20</b>
Opening Balance	27,580,247	-
Add : Addition on account of Transition to Ind AS 116 - 1st April, 2019	-	28,860,044
Add : Accretion of interest	1,930,617	2,020,203
Less : Payments	3,300,000	3,300,000
Less : Termination	-	-
<b>Balance as at 31st March 2021 (31st March 2020)</b>	<b>26,210,865</b>	<b>27,580,247</b>
<b>Current</b>	<b>1,465,239</b>	<b>1,369,383</b>
<b>Non Current</b>	<b>24,745,625</b>	<b>26,210,865</b>

The effective interest rate for lease liabilities is 7%.

## Samrat Forgings Limited

**C. The following are the amounts recognised in profit or loss:**

(Amount in Rs.)

Particulars	2020-21	2019-20
Depreciation expense of right-of-use assets	2,061,432	2,061,432
Interest expense on lease liabilities	1,930,617	2,020,203
Expense relating to short-term leases and low value leases (included in other expenses)	256,000	250,000
<b>Total amount recognised in profit or loss</b>	<b>4,248,049</b>	<b>4,331,635</b>

**D.** The Company had total cash outflows for leases of INR 35.56 lacs in March 31, 2021. There are no noncash additions to right-of-use assets and lease liabilities.

**E.** The maturity analysis of lease liabilities based on contractual undiscounted payment is as follows :

Particulars	2020-21	2019-20
On Demand -	-	-
0-12 months	3,300,000	3,300,000
1 - 5 years	16,500,000	16,500,000
More than 5 years	19,800,000	23,100,000
<b>Total</b>	<b>39,600,000</b>	<b>42,900,000</b>

### NOTE 30 Employee Benefits

**A Short-term employee benefits**

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits. Benefits such as salaries, wages etc. and the expected cost of ex-gratia are recognised in the period in which the employee renders the related service. A liability is recognised for the amount expected to be paid when there is a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

**B Defined contribution plan**

The Company makes contributions towards provident fund to a defined contribution retirement benefit plan for qualifying employees. Under the plan, the Company is required to contribute a specified percentage of payroll cost to the benefit plan to fund the benefits. Contribution paid for provident fund are recognised as expense for the year:

## Samrat Forgings Limited

(Amount in Rs.)

Particulars	For Year Ended 31st March, 2021	For Year Ended 31st March, 2020
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Employer's contribution to provident

fund/pension scheme

3,681,891

4,194,143

### **C Defined benefit plan**

#### **Gratuity (funded)**

The employees' gratuity fund scheme is a defined benefit plan. The present value of the obligation is determined based on actuarial valuation using the projected unit credit method, which recognises each year of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The Company provides for gratuity for employees in India as per the Payment of Gratuity Act, 1972 (as amended). Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/termination is the employees last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service. The gratuity plan is a funded plan and the Company makes contributions to Life Insurance Corporation(LIC).

The most recent actuarial valuation of plan assets and the present value of the defined benefit obligation for gratuity were carried out as at March 31, 2020. The present value of the defined benefit obligations and the related current service cost and past service cost, were measured using the Projected Unit Credit Method. The plan assets are also managed by the Life Insurance Corporation (LIC).

### **D Compensated absences**

The employees can carry-forward a portion of the unutilised accrued compensated absences and utilise it in future service periods or receive cash compensation on termination of employment. Since the compensated absences do not fall due wholly within twelve months after the end of the period in which the employees render the related service and are also not expected to be utilized wholly within twelve months after the end of such period, the benefit is classified as a long-term employee benefit.

The obligation in respect of compensated absences is provided on the basis of an actuarial valuation carried out by an independent actuary using the Projected Unit Credit Method, which recognizes each period of service as giving rise to an additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation is measured at the present value of estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plan is based on the market yields as at the balance sheet date on Government securities, having maturity periods approximating to the terms of the related obligations. Actuarial gains and losses are recognized in other comprehensive income, net of taxes, for the period in which they occur.

To the extent the Company does not have an unconditional right to defer the utilization or encashment of the accumulated compensated absences, the liability determined based on actuarial valuation is considered to be a current liability.

## Samrat Forgings Limited

(i) Components of Expense recognised		(Amount in Rs.)	
Particulars	For Year Ended 31st March, 2021	For Year Ended 31st March, 2020	
<b>Recognised in the Statement of Profit and Loss</b>			
1 Current Service Cost	3,091,515	2,804,429	
2 Past Service Cost	-	-	
3 Net Interest Cost	737,859	203,216	
4 Actuarial Gain/Loss of obligations	(409,834)	579,415	
5 Actuarial Gain/Loss of Plan Assets	115,119	106,399	
6 Direct Benefit Payments	(233,243)	(212,405)	
7 Expected Return on Plan Assets	-	(203,216)	
<b>8 Total Expense Recognised in Profit and Loss Account</b>	<b>3,301,416</b>	<b>3,277,838</b>	
<b>Re-measurements recognised in Other Comprehensive Income</b>			
9 Return on plan assets (excluding amounts included in Net interest cost)	103,429	199,434	
10 Effect of changes in demographic assumptions	-	-	
11 Effect of changes in financial assumptions	-	-	
12 Changes in asset ceiling(excluding interest income)	-	-	
13 Effect of experience adjustments	(1,347,501)	9,533,474	
<b>14 Total re-measurements included in Other Comprehensive Income</b>	<b>(1,244,072)</b>	<b>9,732,908</b>	
<b>15 Total defined benefit cost recognised in the Statement of Profit and Loss and Other Comprehensive Income (8+14)</b>	<b>2,057,344</b>	<b>13,010,746</b>	

## Samrat Forgings Limited

**(ii) Net Asset/(Liability) Recognised in Balance Sheet :**

I Defined Benefit Obligation Liability		(Amount in Rs.)	
Particulars	As at 31st March, 2021	As at 31st March, 2020	
1 Present Value of DBO at the beginning of the year	20,748,027	8,885,103	
2 Current Service Cost	3,091,515	2,804,429	
3 Past Service Cost	-	-	
4 Interest Cost	1,296,752	555,319	
5 Remeasurement gains/(losses)			
a. Effect of changes in demographic assumptions	-	-	
b. Effect of changes in financial assumptions	-	-	
c. Changes in asset ceiling	-	-	
(excluding interest income)			
d. Effect of experience adjustments	(1,347,501)	9,533,474	
6 Curtailment Cost/ (Credits)	-	-	
7 Settlement Cost/ (Credits)	-	-	
8 Liabilities assumed in business combination	-	-	
9 Actuarial Gain/Loss on Obligations	(409,834)	579,415	
10 Effect of transfer In / (out)	-	-	
11 Benefits Paid	(1,443,310)	(1,609,713)	
12 <b>Present Value of DBO at the end of the year (TOTAL I)</b>	<b>21,935,649</b>	<b>20,748,027</b>	

**II Change in Fair Value of Assets**

Particulars	As at 31st March, 2021	As at 31st March, 2020	
1 Plan Assets at the beginning of the year	8,942,281	8,885,103	
2 Asset acquired in Business Combination	-	-	
3 Interest Income	558,893	555,319	
4 Remeasurement Gains/ (Losses) on plan assets (218,548)		(305,833)	
5 Actual Company Contributions Benefits Paid	1,980,000	1,205,000	
6 Benefits Paid	(1,492,687)	(1,397,308)	
7 Effects of transfer In/(Out)	-	-	
8 <b>Plan Assets at the end of the year (TOTAL II)</b>	<b>9,769,939</b>	<b>8,942,281</b>	

## Samrat Forgings Limited

Net Liability/(Asset)		(Amount in Rs.)	
Particulars	As at 31st March, 2021	As at 31st March, 2020	
III Present Value of Defined Benefit Obligations (Total I)	21,935,649	20,748,027	
IV Fair Value of Plan Assets (Total II)	9,769,939	8,942,281	
<b>Net Liability/(Asset) (III-IV)</b>	<b>12,165,710</b>	<b>11,805,746</b>	

(iii) **Investment details of plan assets As at 31st March, 2021 As at March 31, 2020**  
Insurance Fund

(iv) **The principal assumptions used in determining gratuity are:**  
Mortality table - LIC

### Indian Assured Lives Mortality Indian Assured Lives Mortality(2006-08)

**As at 31st March, 2021 As at March 31, 2020**

Discount rate	6.25%	6.25%
Withdrawal Rate	10.00%	10.00%
Estimated rate of return on plan assets	6.25%	6.25%
Estimated future salary growth	5.00%	5.00%

(iv) **Risks associated with defined benefit plan**

Gratuity is a defined benefit plan and company is exposed to the Following Risks:

<b>Interest rate Risk:</b>	A fall in the discount rate which is linked to the G.Sec. Rate will increase the present value of the liability requiring higher proportion. A fall in the discount rate generally increases the mark to market value of the assets depending on the duration of asset.
<b>Salary Risk:</b>	The present value of the defined benefit plan liability is calculated by reference to the future salaries of members. As such, an increase in the salary of the members more than assumed level will increase the plan's liability.
<b>Investment Risk:</b>	The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds. If the return on plan asset is below this rate, it will create a plan deficit. Currently, for the plan in India, it has a relatively balanced mix of investments in government securities, and other debt instruments.
<b>Asset Liability Matching Risk:</b>	The plan faces the ALM risk as to the matching cash flow. Since the plan is invested in lines of Rule 101 of Income Tax Rules, 1962, this generally reduces ALM Risk.
<b>Mortality Risk:</b>	Since the benefits under the plan is not payable for life time and payable till retirement age only, plan does not have any longevity risk.
<b>Concentration Risk:</b>	Plan is having a concentration risk all the assets are invested with the insurance company and a default will wipe out all the assets. Although probability of this is very less as insurance companies have to follow regulatory guidelines.

## Samrat Forgings Limited

(Amount in Rs.)

NOTE	31	COMMITMENTS AND CONTINGENCIES	As at 31st March 2021	As at 31st March 2020
		<b>Commitments :</b>		
		Estimated value of contracts remaining to be executed on Capital Account and not provided for	13,997,000	-
		<b>Contingent liabilities :</b>		
	(a)	Claims against companies not acknowledged as debt*	NIL	NIL
		* Includes claims from revenue departments and other claims		
	(b)	In respect of unassessed cases of Income Tax, Goods and Services Tax, Excise Duty & Service Tax	Undeterminable	Undeterminable

### NOTE 32 IMPAIRMENT OF ASSETS

In terms of Ind AS 36 on impairment of assets, there was no impairment indicators exist as of reporting date as per the internal management estimates done and hence no impairment charge is recognised during the year under review.

NOTE	33	DISCLOSURE AS PER IND AS-33 EARNING PER SHARE	As at 31st March 2021	As at 31st March 2020
		Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders of the company by weighted average number of equity shares outstanding during the year.		
		Profit attributable to the equity holders of the Company	22,499,190	391,508
		Weighted average number of equity shares	5,000,000	5,000,000
		Basic earnings per share (Face value of INR 10/- per share)	4.50	0.08

### NOTE 34 DISCLOSURE AS PER INDAS-108 SEGMENT REPORTING

The Company operates in Single segment hence requirements of Ind AS 108 is not applicable to the same.

### NOTE 35 REGROUPING OF FIGURES

The previous year figures have been recast/ regrouped whenever considered necessary to facilitate comparison with revised Schedule III.



**NOTE 36 Financial Instruments and Related Disclosures**

**1 CAPITAL MANAGEMENT**

The Company's objective for capital management is to maximise shareholder value, safeguard business continuity and support the growth of the Company. The Company determines the capital requirement based on annual operating plan and other strategic investment plans. The funding requirements are primarily met through equity and operating cash flows generated. The Company aims to manage its capital efficiently so as to safeguard its ability to continue as a going concern and to optimise returns to all its shareholders.

**2. CATEGORIES OF FINANCIAL INSTRUMENTS**

(Amount in Rs.)

Particulars	Fair Value Hierarchy	As at March 31, 2021		As at March 31, 2020	
		Carrying Value	Fair Value	Carrying Value	Fair Value
<b>A Financial Asset</b>					
<b>(i) Measured at Amortised Cost</b>					
<b>Current</b>					
Security Deposits	3	19,127,032	19,127,032	19,178,076	19,178,076
<b>Non Current</b>					
Trade receivables	3	210,422,169	210,422,169	111,689,245	111,689,245
Cash & Cash Equivalents	3	1,220,646	1,220,646	1,008,068	1,008,068
Other Bank Balances	3	6,835,949	6,835,949	6,425,146	6,425,146
Other financial assets	3	635,917	635,917	955,478	955,478
<b>Total Financial Assets</b>		<b>238,241,713</b>	<b>238,241,713</b>	<b>139,256,013</b>	<b>139,256,013</b>
<b>B Financial Liabilities</b>					
<b>(i) Measured at Amortised Cost</b>					
<b>Current</b>					
Borrowings	3	146,995,677	146,995,677	128,595,794	128,595,794
Lease Liabilities	3	24,745,625	24,745,625	26,210,865	26,210,865
<b>Non Current</b>					
Borrowings	3	237,414,867	237,414,867	227,281,641	227,281,641
Trade Payables	3	265,016,418	265,016,418	234,290,334	234,290,334
Lease Liabilities	3	1,465,239	1,465,239	1,369,383	1,369,383
Other Financial Liabilities	3	59,181,326	59,181,326	38,386,017	38,386,017
<b>Total Financial Liabilities</b>		<b>734,819,153</b>	<b>734,819,153</b>	<b>656,134,034</b>	<b>656,134,034</b>

**Fair Value Hierarchy**

- Level 1** quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2** inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3** inputs for the asset or liability that are not based on observable market data (unobservable inputs).

### 3 Financial Risk Management Objectives

The activities of the Company expose it to a number of financial risks namely market risk, credit risk and liquidity risk. The Company seeks to minimize the potential impact of unpredictability of the financial markets on its financial performance.

#### (i) Management of market risk:

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of three types of risks: interest rate risk, price risk and currency rate risk. Financial instruments affected by market risk includes borrowings, investments and derivative financial instruments.

#### (ii) Management of 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.

#### (iii) Management of Price risk:

Investments in unlisted equities and preference shares are susceptible to market price risk, arising from changes in availability of future free cash flow which may impact the return and value of the investments. The Company has no such investments

#### (iv) Management of currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company has no foreign currency trade receivables and is therefore not exposed to foreign exchange risk.

#### (v) Management of Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterpart to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers, deposits and loans given, investments and balances at bank. The Company measures the expected credit loss of trade receivables based on historical trend, industry practices and the business environment in which the entity operates. Expected credit loss is based on actual credit loss experienced and past trends based on the historical data.

The Company does not have any significant concentration of credit risk.

The average credit period on sales is 45 days. No interest is charged on overdue trade receivables.

The management has evaluated that there will be no credit loss in respect of Trade Receivables.

#### (vi) Management of liquidity risk:

Liquidity risk is the risk that the Company may not be able to meet its present and future cash obligations without incurring unacceptable losses. The Company's objective is to maintain at all times, optimum levels of liquidity to meet its obligations. The Company closely monitors its liquidity position and has a robust cash management system in place.

(Amount in Rs.)

<b>NOTE 37 Income Tax Expense</b>	<b>As at 31.03.2021</b>	<b>As at 31.03.2020</b>
<b>A Income Tax Expense</b>		
<b>Current Tax</b>		
Current Tax on Profits for the Year	8,459,816	-
Adjustments for current tax of prior year	4,580	127,390
<b>Deferred Tax</b>		
Deferred Tax Charge/(Income)	(868,999)	2,533,037
<b>Total Tax Expense</b>	<b>7,595,397</b>	<b>2,660,427</b>

**B Reconciliation of Tax Expense and Accounting Profit Multiplied as per applicable Tax Rate for the year ended March 31, 2021 and March 31, 2020**

Accounting Profit Before Tax	30,094,587	3,051,935
<b>Income Tax calculated on Accounting Profit</b>	<b>8,372,314</b>	<b>793,503</b>
<b>Tax Effect of :</b>		
- Brought Forward Tax Losses	-	419,742
- Expense not allowed as per Income Tax Act	8,171	(43,461)
- Others	(785,088)	1,490,094
<b>Income Tax Expense</b>	<b>7,595,397</b>	<b>2,659,878</b>

**NOTE 38 DISCLOSURE AS PER IND AS-24 RELATED PARTY**

**(A) List of Related Parties and Relationships:**

**a) Key Management Personnel & Their Relatives**

Mr. Rakesh M. Kumar, Managing Director  
Mrs. Bindu Chowdhary, Director  
Mrs. Ritu Joshi, Director  
Mr. Sandeep Kumar, Company Secretary  
\*Mr. A.P.S. Grover, Chief Financial Officer

**b) Related Party**

Punjab Pre-Stressed Concrete Works Pvt Ltd.  
Jandwani Poly Products Private Ltd.  
Jitya Enterprises Pvt Ltd (Formerly known as Jay Dee Holdings Pvt Ltd)  
Susoka Enterprises Pvt. Ltd (Formerly known as Natrajan Investments & Finance Pvt Ltd)  
Samedha Enterprises Pvt Ltd (Formerly known as Gee Cee Investments & Finance Pvt. Ltd.)  
Divyendu Enterprises Pvt Ltd (Formerly known as Alacrity Holdings pvt Ltd)  
Kanjam Enterprises Pvt Ltd (Formerly known as R Kumar Investments & Finance Pvt Ltd)

# Samrat Forgings Limited

(Amount in Rs.)

(B) Related Party Transactions:	As at 31st March 2021	As at 31st March 2020
<b>Remuneration paid to Key Management Personnel</b>		
Mr Rakesh M. Kumar (Managing Director)	11,220,700	11,271,600
*Mr. A.P.S. Grover (Chief Financial Officer)	295,429	-
Mr. Sandeep Kumar (Company Secretary)	541,420	566,723
<b>Total compensation paid to key management personnel</b>	<b>12,057,549</b>	<b>11,838,323</b>
<b>Sitting Fees</b>		
Mrs. Ritu Joshi, Director	37,500	42,500
Mrs. Bindu Chowdhary, Director	62,500	62,500
<b>Interest Expense</b>		
Jandwani Poly Products Private Ltd.	1,085,136	1,051,997
Mr. Rakesh M. Kumar, Managing Director	114,448	100,452
Mrs. Bindu Chowdhary, Director	121,430	156,245
<b>Travelling Expenses</b>		
Mr. Rakesh M. Kumar, Managing Director	334,118	1,053,837
<b>(C) Balance outstanding with related parties</b>	<b>As at 31st March 2021</b>	<b>As at 31st March 2020</b>
Jandwani Poly Products Private Ltd.-Loan	20,637,133	19,551,997
Mr. Rakesh M. Kumar, Managing Director -Loan	2,411,163	1,746,715
Mrs. Bindu Chowdhary, Director -Loan	2,903,356	2,781,926
Mrs. Bindu Chowdhary, Director	57,809	56,250
-Sitting Fee Payable		
Mrs. Ritu Joshi, Director	18,500	130,500
-Sitting Fee Payable		
<b>* Mr. A.P.S. Grover appointed as Chief Financial Officer w.e.f. 10.02.2021.</b>		

**Notes from 1 to 38 form integral part of Financial Statements.**

(A P S GROVER) Chief Financial Officer	(SANDEEP KUMAR) Company Secretary M. No. F9075	(RAKESH M. KUMAR) Managing Director DIN 00066497	(BINDU CHOWDHARY) Director DIN 01154263
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## AUDITORS' REPORT

As per our separate report of even date  
FOR JAIN & ASSOCIATES  
(Firm Regn. No.: 001361N)

Place: Chandigarh  
Dated : 26/06/2021

(KRISHAN MANGAWA)  
PARTNER  
Membership No. 513236

# **Samrat Forgings Limited**

CIN : U28910CH1981PLC004522



REGISTERED OFFICE :

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